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Discount Store News

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SECOND CLASS

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Kmart Ties the Knot With PACE

No. 1 Discounter Takes the Plunge Into Club Scene

By Kenneth M. Chanko

TROY, Mich. — In a move anticipated by industry observers since mid-month, K mart and PACE Membership Warehouse have executed a definitive merger that finally commits the nation's No. 1 discounter to the growing warehouse club business.

However, even with the $322 million PACE acquisition, K mart is left in a catch-up position vis-a-vis Wal-Mart in the important warehouse club segment. Wal-Mart's Sam's, the second largest warehouse club chain in the country, recorded $3.8 billion in sales last year. The 41-unit Aurora, Colo.-based PACE, the fourth largest club, had sales of $1.3 billion last year.

children's
at makro, we carry dep
name-brand apparel at

Makro (left), K mart's other wholesale club operation, utilizes upscale department store accents and aspects of a hypermarket, while just-acquired PACE (right) is a traditional warehouse catering to small businesses. (DSN photos)

K mart also has a 51 percent interest in Makro, which operates six warehouse clubs and generated an estimated $300 million in sales last year.

K mart officials refused to comment at this time on expansion plans for PACE.

Under the terms of the merger agreement, a wholly owned subsidiary of K mart will commence a tender offer to purchase all outstanding PACE shares at a price of $23 per share in cash. Any shares not purchased in the tender

(Continued on page 65)

Antonini Bares Plans to Cure Earnings Blahs

By Tony Lisanti

TROY, Mich. — In the midst of its third consecutive lackluster quarter, K mart Corp. shrugged off modest growth in 1989 and outlined a long-term plan to boost sales to $50 billion and net income to $1.75 billion by 1995.

At a press conference held in mid-October two days after a tough, closed-door meeting with analysts and three days before the PACE acquisition (see story, page 1), K mart's chair-

(Continued on page 65)

Takeovers Send Discount Retail Stocks Soaring in 3Q

By Neil Nordby
Special to DSN

Despite the sharp drop in the market on Oct. 13, almost two years after the Black Monday crash, discounter stocks exhibited a strong performance in the third quarter.

The *Discount Store News* Stock Index of 55 discounter issues marched to another record high during the three-month period ended Oct. 6, thanks to mergers that continued to shake up, shake out and consolidate the industry.

During the third quarter, the *DSN* Index vaulted 118.82 points to 1672.49. In percentage terms, each discounter issue enjoyed an average gain of 7.65 percent.

The widely monitored Dow Jones Industrial Average followed suit during the same period, smashing through its previous record high of 2722.42 (set Aug. 21, 1987) en route to a new all-time high of 2785.52 as of Oct. 6—nearly two years after Black Monday. For the quarter, this index of 30 blue-chip stocks mounted a hefty 252 point, 10.36 percent gain, before plunging 190 points on Friday, Oct. 13.

By Monday, Oct. 16, the market had recovered somewhat easing fears of a repeat of the 1987 crash. However, problems with financing major takeovers and turmoil in

(Continued on page 64)

Cornell Study Shows Record Profits for Discount Chains

NEW YORK — The efficiency drive by the nation's discounters shifted into high gear over the last year, resulting in substantially lowered expense-to-sales ratios and record net profits.

Posting their highest earnings in over 20 years, discounters' average after-tax net profits in 1988-89 hit 3.16 percent of sales, up from 2.54 percent in 1987-88, according to a study of 22 discount retailers conducted by the International Mass Retail Association.

The study, which was conducted over the summer by Cornell University, revealed that discount retailers have been successful in moving

(Continued on page 68)

Caldor, Venture Survive as Chains

Proceeds from Spin-Offs Fall Short of Expectations

By Richard C. Halverson

ST. LOUIS — Despite the convoluted deals that May Department Stores had to devise to divest its Caldor and Venture arms, they *are surviving* as discount chains.

But, if any more proof is needed that discount chains are no longer hot properties, the $800 million cash May will realize from the deals should clinch it. May had hoped to raise as much as $1.5 billion to reinvest in either more profitable department stores or a stock buyback.

Instead, May is selling Caldor for $500 million in cash. And, it is raising only about $300 million from Venture by requiring the chain to borrow that amount and pay the money to May before it spins the chain off to stockholders.

Venture thus would start life as an independent chain with a heavy debt load.

Chains Avoid Fate of Gold Circle, Zayre

But at least for now, the two upscale discounters aren't going the way of Gold Circle, chopped up last year for its real estate, and Zayre, which Ames acquired, also last year.

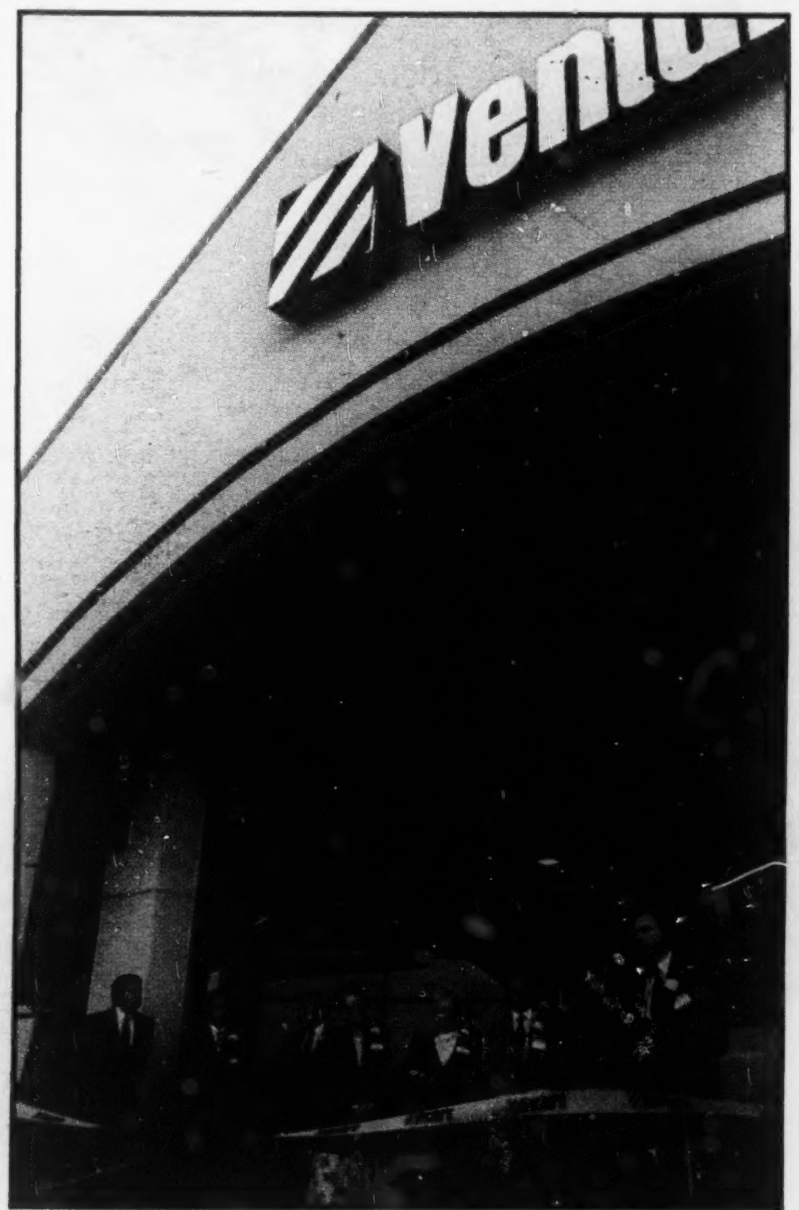
Both Caldor, which May acquired in 1985 when it bought Associated Dry Goods, and Venture, which May founded in 1970, are losing access to the $11.2 billion-deep pockets of their department store parent. However, they are also shedding the restrictions that May placed on their growth.

May's announcement that existing management will remain at both chains opens the prospects of unleashing new entrepreneurial spirit at both Caldor and Venture.

The new arrangement "allows us to continue to pursue our long-term business strategies as an independent, ongoing business entity," Caldor chairman Don Clarke said in a statement released by the purchaser, Odyssey L.P., a New York private investment partnership.

Venture president and ceo Julian M. Seeherman said, "We are excited with the opportunity to operate Venture as a separate, publicly owned and traded company . . . ." Philip G. Otto will remain as chairman after the spin-off, which will take place sometime in 1990.

(Continued on page 9)



This month in Chicago, Venture opened its 75th store, as May Co. unveiled plans to spin off the discount chain next year. (DSN photo)

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MARKETWATCH

Wal-Mart Beefs Up California Invasion

BENTONVILLE, Ark. — Wal-Mart is expanding the beachhead for its 1990 invasion of California by adding five more sites to those disclosed earlier this year. The new markets are Lancaster, in the Greater Los Angeles area; El Centro, near the Mexican border; and three more in central California: Bakerfield, Ridgecrest and Hanford. They join Madera in central California and Stockton and Elk Grove in northern California.

Jamesway Sets 'Our House' Stores

SECAUCUS, N.J. — Jamesway will call its new home goods specialty stores "Our House." According to a published report, two or three of these 45,000-square-foot stores that will sell linens and housewares are slated to open in New Jersey and Maryland next year.

Information Award to Two Kmart Execs

ATLANTA — The Society for Information Management has presented the 1989 Partners in Leadership Award to K mart's two senior executives who have worked together to integrate information systems with business planning. They are Joseph R. Thomas, executive vice president and chief administrative officer, and David M. Carlson, senior vp of corporate information systems. K mart expects its retail automation program will help reduce its store expense ratio by one and a half percent.

Auto Giant Revs Up

LONG BEACH, Calif. — A.G. Automotive Warehouse has completed its initial public offering that will enable it to open its first Auto Giant 60,000-square-foot warehouse next month in San Bernardino, Calif. The store will carry about 10,000 automotive sku's and include a service center. The offering raised about $6 million from the sales of 1,125,000 units at $6 a unit. A unit consists of four shares each of common stock and Class A redeemable warrants. The company could raise over $26 million should its Class A and Class B warrants be redeemed.

Nintendo Signs Broker for NES System

REDMOND, Wash. — Nintendo of America has signed Fidelity Investments as the brokerage services for the NES interactive shopping and information system that Nintendo's expected to launched next year. The agreement between the two company's calls for Nintendo to develop and manufacture a modem and controller for the NES system while Fidelity, which manages over $100 billion in investment, will develop and market software cartridges for trading securities.

Lionel Ponders Hostile Takeover Offer

NEW York — Lionel Corp.'s board has rejected a hostile takeover tender from the Robert I. Toussie partnership and recommended that shareholders also turn down the offer to buy the 90 percent of Lionel stock the partnership doesn't already own at $8 a share, or $95.4 million. The partnership also offered to buy 90 percent of Lionel's convertible debt for about $28.1 million. The board had previously rejected the partnership's $8.25 a share offer. Lionel operates the Kiddie City toy specialty chain.

Prodigy Now Accessible to Mac Owners

WHITE PLAINS, N.Y. — Prodigy has developed software that will enable Macintosh computer owners to access the interactive shopping and information service. Prodigy previously was accessible only through IBM and compatible machines. The service this month passed the 100,000 household mark as it became available in 22 markets and signed up its 200th client.

HQ Opens 4 Ex-WORKplace Stores

LONG BEACH, Calif. — HQ Office Supplies has opened the four stores in the Greater Los Angeles market that it purchased from WORKplace for about $7 million last month. The stores boost the nine-store chain's count to seven units in Southern California, with another five due to be opened there by the end of the year.

Phone Co. Disconnects Gateway Test Plan

SAN FRANCISCO — Pacific Telesis has dropped plans for its Pacific Bell arm to test a videotex shopping and information gateway, California Online, and instead will focus on developing audiotext services. PacTel, the first regional phone company to cancel a gateway test, said market research showed insufficient consumer user or information provider backing for a successful commercial venture. Computer owners in San Francisco, however, can access Prodigy's interactive service.

Target Plays its Cards Right

Discounter Hopes AmEx Will Boost Sales, Customers

NEW YORK — Target has joined a growing list of discount chains that hope their customers "don't leave home without" their American Express cards.

Moreover, Target, which began accepting AmEx cards at its 401 stores on October 29, hopes that it will gain enough extra customers, who then will check out with higher tickets, to more than make up for the higher cost of American Express transactions, compared to the Visa, MasterCard and Discover credit cards it already accepts.

Charges to retailers range from 3 percent to 4.5 percent of the amount customers charge, said Kathryn Russell, vice president, retail marketing. She acknowledged that its charges are higher than for bank credit cards.

In 1988, AmEx discounts averaged 3.29 percent, *Forbes* magazine reported, compared to 1.96 percent for Visa.

In its sales pitches, which have netted 18 discount chains since 1983, AmEx cites a Management Horizons study it commissioned that concluded that higher profits on extra customers that AmEx brings in more than offset higher charges.

After surveying customers of (unnamed) discount stores, the consulting firm concluded that 29 percent of sales at discounters that accept American Express are incremental sales: their customers wouldn't have shopped there if they didn't accept the charge card. In addition, 16 percent of their customers would purchase less if unable to use their AmEx cards.

AmEx now has brought the third-largest discount chain, Target, and the fourth-largest, Ames/Zayre, into its fold.

As for K mart and Wal-Mart, Russell could only say that she's working on them. It took a year of talking to Target, she said.

Target already was accepting Visa, Master-

(Continued on page 68)

Retailers Draft Off-Price Ad Rules

By Ken Rankin

WASHINGTON — Several major discounters and catalog showroom chains have joined with other leading retailers to hammer out controversial new ground rules governing off-price advertising.

In addition to setting standards for substantiation of retail price ad claims, the "Code of Advertising" establishes basic principles for advertised price comparisons, lowest price claims and price matching guarantees by retailers.

The standards, which are in the "draft" stages, are being developed by a panel of retailers for the national Council of Better Business Bureaus (CBBB). Members of that "task force" are Ames, Best Products, Dayton Hudson, K mart, Marshalls, Service Merchandise, Sears, JCPenney and Montgomery Ward.

Although the guidelines are designed to be voluntary, officials at the council plan to circulate these ad standards to both private and government enforcement agencies.

In a letter outlining the plan to IMRA president Richard Hersh, CBBB's vp/senior counsel Steven J. Cole noted that "BBBs throughout the country [are expected to] use these standards to monitor local, regional and national advertising and we would hope that consumer protection officials would similarly rely on these standards as benchmarks for evaluating comparative price claims."

A draft version of the price advertising ground rules being circulated to retail and consumer groups stresses that retailers "should be prepared to substantiate any claims or offers made before publication or broadcast." Advertisers should also be prepared to supply this substantiation "promptly to the advertising medium or the [local] Better Business Bureau," upon request.

NHMA: New Sept. Show in Atlanta

NEW YORK — The National Housewares Manufacturers Assn. has moved the location and date of its July housewares show to Sept. 24 to 26, 1990, in the Georgia World Congress Center in Atlanta.

The decision, announced at a morning press conference here on Oct. 20, comes after a survey of over 1,000 NHMA members and 360 retail buyers. Board chairman Robert Furer, Bonny Products, said one-third of NHMA membership and 46 percent of retailers surveyed expressed a need for a second show, as an addition to the NHMA's January show in Chicago.

Furer said that NHMA members will not be required to exhibit at both shows, although all members must continue to show their wares at one association-sponsored show per year. The switch in show date and site is an indication, said Furer, of the NHMA's greater responsiveness to the needs of its members and their customers.

"The September Atlanta show is a solid choice because it doesn't overlap with other major industry shows or the holiday rush for our customers," said Furer. "It provides an opportunity to buy for early 1991. Major retailers are planning their first and second quarters in September and some other retailers can take advantage of last-minute Christmas buys."

The NHMA also released a set of criteria to be used in selecting its new chief operating officer, to replace Jay Spaulding who resigned earlier this year. Resumes may be sent to Furer at Bonny Products, 1502 Market Street, Washington, D.C., 27889.

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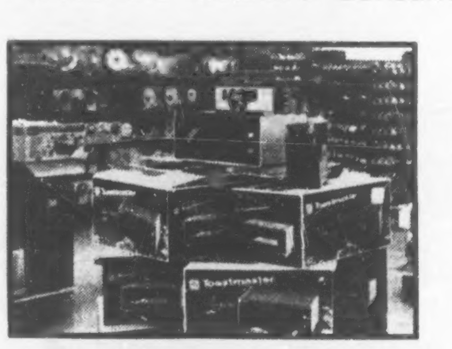

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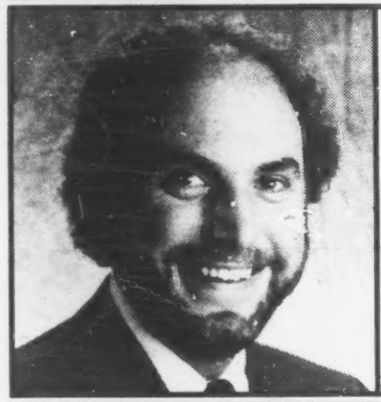
EDITORIAL

Store Managers: A Link to the Customer

In the last issue of *Discount Store News*, there was an exclusive report on top performing brands as perceived by store managers from the nation's discount retailers. This issue also focuses on top brands, but from the consumer's viewpoint (see page 21).

This research study, which was conducted by Leo J. Shapiro & Associates, reveals that the consumer demand for national brand merchandise is as strong as ever, despite a growing interest in private label or store brand merchandise.



TONY LISANTI
Editor

More important, however, aside from the specific results of the consumer study, is the relationship between the store manager and the customer, and its impact on brand selection.

In today's technology-driven business environment, the role of the store manager is often questioned, criticized, and overshadowed by headquarters' crunching of numbers and analyzing data. However, when it comes to understanding the customer, buying habits, and brand preferences, perhaps the store manager still knows best.

Consider the fact that no executive spends as much time walking the aisles of a store than the store manager. No one talks to the customers more than the store manager. Yet, why do so many retailers virtually ignore the store manager?

Recently, I have toured several stores and interviewed managers. I've talked to some managers who have minimal input in buying decisions or merchandise displays. And I've talked to some who contribute to the buying decisions and control in-store merchandise displays.

In fact, during one particular store visit a manager told me that he rarely sees or speaks to any of the executives from the corporate office. During another store visit, a department manager pointed out (to me and other headquarters executives) that several customers had requested a particular brand that the store didn't carry, but the competitor who was located right across the street did. He explained that it had resulted in lost sales. The vice president immediately responded with a guarantee that he would recommend the addition of that brand to the store's product mix.

The role of the store manager may have been altered by a greater dependence on technology, but nothing can replace the hands-on knowledge and experience that comes, as many executives claim, from "being out in the field . . . in the trenches. . . talking to the customer day after day."

Technology provides a wealth of important information that was never before available, but it cannot be allowed to strip away the personal side of the retail business. Technology is a tool for store managers, not a replacement for store managers, or store visits.

If you ignore the store manager, you ignore the customer.

WASHINGTON REPORT

Disease Notification Bill Packs a Painful Punch

Last year, the discount store industry was slapped with controversial new workplace "hazard communication" rules concocted by federal regulators at the Occupational Safety and Health Administration.

Those new OSHA requirements, which are still being digested by retailers, hold employers responsible for making manufacturer-prepared "data sheets" on hazardous workplace substances available to employees. Businesses are also obliged to train workers on how to cope with accidental exposure to caustic solvents and other potentially hazardous chemicals in the workplace.

KEN RANKIN

OSHA's new rule was only the first shoe, however. Now discounters are facing the threat of new workplace disease notification legislation that would require costly "medical monitoring" of at-risk employees.

These proposals would require the Health and Human Services Department to:

- Establish a "risk assessment" board charged with identifying at-risk employees;
- Recommend medical monitoring for affected workers.
- Notify employers and employees about the potential risk of workplace disease;

Under the proposal, discounters and other employers would be expected to pay the medical monitoring expenses for "at risk" employees, and would be prohibited from discriminating against workers who require such monitoring.

Critics of the proposal contend that OSHA is "swatting flies with a sledgehammer."

The chief impact of the disease notification legislation will be to create new paperwork and compliance headaches for industries such as retailing where there is little, if any, danger of contracting an occupational disease, they say.

I think the critics are right. Like so much other legislation these days, the disease notification bill seems to be aimed more at appeasing a special interest group than addressing a real problem.

Instead of focusing on problems that don't exist, legislators and other government officials concerned about workplace safety should put more emphasis on eliminating real-life employment hazards.

IMRA PRESIDENT'S CORNER

IMRA Washington Office Grows With the Flow

Since IMRA opened its Washington office nearly six years ago, the volume and scope of the work produced by the office has increased dramatically.

When the board originally authorized the hiring of a full-time lobbyist for the discount industry, the association basically covered only issues which were of major importance, but as time has gone on and the staff has been increased, what were once considered less important issues have escalated into major issues.

RICHARD HERSH

The IMRA Washington staff has also increased the flow of pertinent information to the discount industry through bulletins, newsletters and informational materials.

The state legislative service which was originally a service of the old AGMC has also grown by leaps and bounds. What was once simply a reiteration of state laws which had been passed or were being considered has been refined to include law reviews, overviews, personal information services and IMRA's newest service "The Solid Waste Regulatory Bulletin." Unlike other bulletins in the service, the solid waste bulletin will cover regulations and other non-legislative action in so-called "bellwether" states selected because of their heavy activity and leadership roles in the solid waste arena. Those states include California, Connecticut, Florida, Massachusetts, Michigan, Minnesota, New Jersey, Rhode Island and Wisconsin.

We anticipate this new service to be able to keep the discount retail industry abreast of the "trends" in legislation and regulation in this most important area, one which which could conceivably cost members of IMRA millions of dollars.

In the past year, the Washington office has also launched the "Washington Issues Report" which highlights the activities of Congress and the regulatory agencies that affect IMRA members. The back page of the "Report" often takes an in-depth look at an issue that's "on the front burner" in Washington.

All of this vital information is, of course, available to IMRA's membership—and only to members of the association.

Indeed, IMRA's growth over the last six years has been fueled by a continuing need for an effective advocate for the discount industry on issues of critical importance.

Your comments and suggestions are always appreciated. Simply contact me or Bob Verdisco in Washington for more information and for samples of IMRA's reports.

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Publisher **JOHN FAILLA**

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Washington 117-35 Sirley Drive, Ashton, MD 20861
301-774-3895
Manager, Correspondent **Kenneth Rankin**
Correspondent **Deane Evans**

Japan Diamond-Friedman Ltd. Chain Store Age News Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan 504-6750

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TOP BRANDS

Part II: Consumer Survey

Consumer Preference for Brands Rises

Survey Reveals Growing Consumer Acceptance of Private Label Products

By Laura Liebeck

When it comes to top-selling discount store brands, consumers and store managers agree that Kodak, Rubbermaid, Wilson, Gitano, Conair, Maybelline, Cannon, Hershey's, Crest and Tide are No. 1 in their fields.

Additionally, in hardware, toys, and automotives, managers and consumers agree that Black & Decker and Stanley, Mattel and Fisher-Price, and Pennzoil and Quaker State are the top two national names in their respective categories.

These observations are gleaned from the 1989 Consumer Top Brands Survey conducted for *Discount Store News* by Chicago-based Leo J. Shapiro & Associates.

The Consumer Brands report is Part Two of *DSN's* annual brands study. Part I, which appeared in the Oct. 16 issue, revealed discount store managers' assessment of their top performing brands. They based their responses on a host of factors, primarily product movement and profit.

The Consumer Brands survey revealed shopper brand preferences in the same 17 merchandise categories polled by store managers.

Overall the consumer brands study revealed the following:

- Store managers are more in tune with what their shoppers want to purchase than in 1988;
- Consumers have a huge and growing appetite for branded merchandise;
- Consumer preference for branded goods is increasing and so is their acceptance of private label merchandise.

Groups Agree on 110 Brands

In all, the two groups agreed on 110 brands this year compared to 106 in 1988.

Leading the way in brand name agreement are automotives and ladies' apparel, where store managers and consumers agreed on eight of the top 10 labels.

Last year, the two groups agreed on eight brands in three categories: automotives, food, candy and snacks and sporting goods.

At the other end of the spectrum, managers and consumers agreed upon only five of the top 10 brands in the sporting goods category. Last year, managers and consumers agreed on eight sporting goods labels.

Despite that, sporting goods shoppers said they are more interested in name brand merchandise this year than they were a year ago, joining consumers of 12 other product categories. Brand preference in sporting goods rose 12 points in 1989 to 71 percent of consumers.

Brand preference also rose dramatically in apparel and domestics. The proportion of consumers who had a preferred brand in men's apparel rose by 14 percentage points to 75 percent, compared to just 61 percent of consumers last year. Significant increases in brand preference also occurred in ladies' apparel (up 10 points), children's apparel (also up 10 points) and domestics (up nine points).

At the same time that consumers are demanding more national brands, they are also expressing greater preference for private label goods. Private label merchandise grew in every category but cosmetics, which is the most name brand-driven category in a discount store.

Consumer preference for branded merchandise is very high. Only five merchandise categories recorded brand preference percentages of lower than 70 percent and none were below 50 percent.

Of the four categories posting a decline in the percentage of customers seeking name brands, three of them—household cleaners and chemicals, photo and camera, and health and beauty aids—each recorded a decline of just one percentage point.

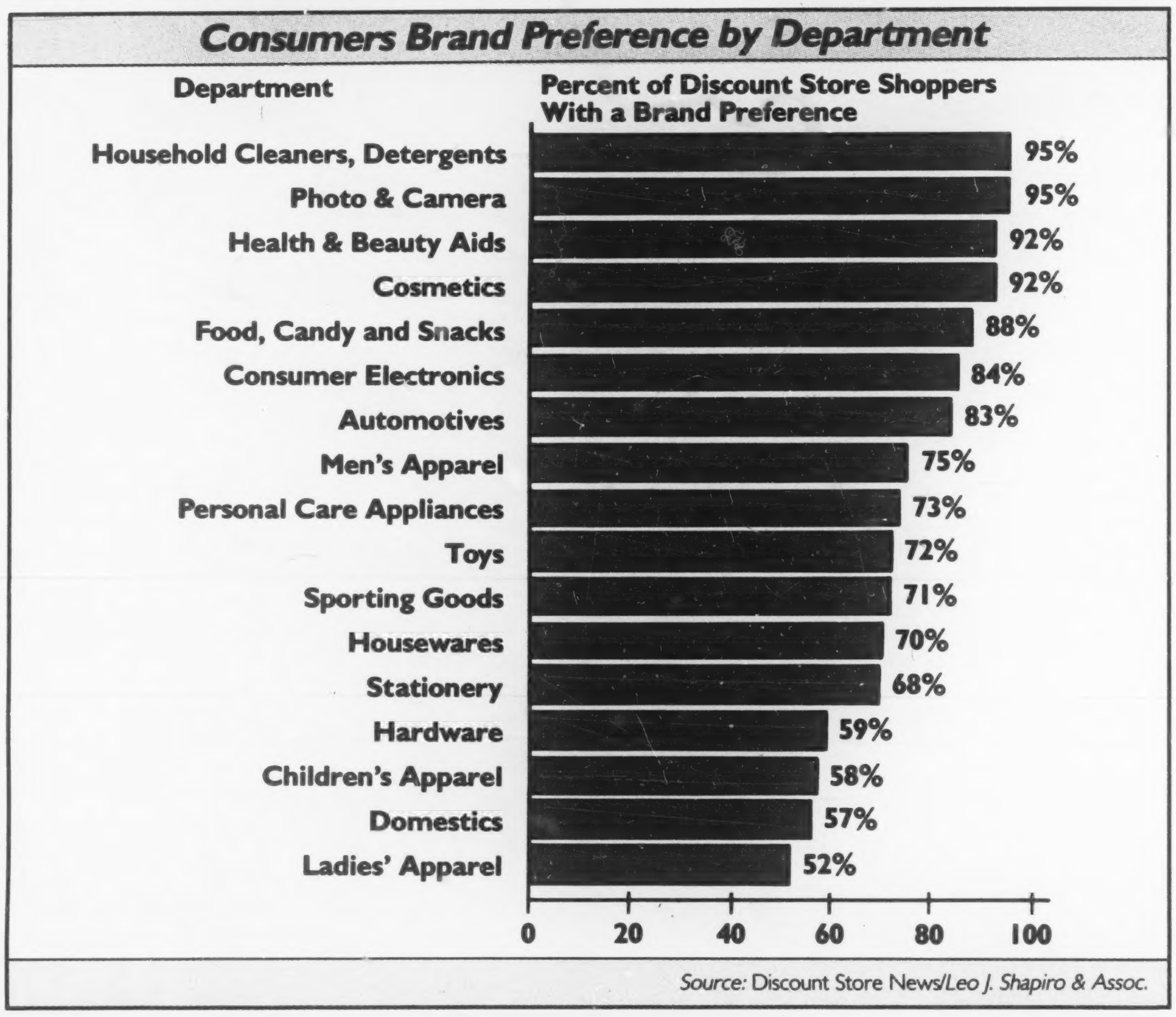
In fact, 95 percent of all shoppers of household cleaners and photo and camera seek name brand merchandise, the highest of the categories surveyed. Likewise, their interest in private label is almost negligible.

A big decline in brand preference was recorded among toys shoppers. This year just 72 percent expressed a preference for branded toys compared with 77 percent in 1988.

This is strange since toys sales have historically been name brand-driven. This year, as in 1988, store managers and consumers agreed on seven of the top 10 toy brands.

Also surprising is the fact that private label toys charted a substantial growth in preference among these same consumers, the biggest percentage increase in private label in the study.

Consumers Brand Preference by Department



Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Agreement of Trade and Consumers

Top 10 Brands: 1989

Department	Number of Brands Store Managers and Consumers Agree On *
Automotives	8
Ladies' Apparel	8
Hardware	7
Food, Candy & Snacks	7
Toys	7
Consumer Electronics	7
Men's Apparel	7
Cosmetics	7
Domestics	7
Housewares	7
Personal Care Appliances	6
Photo & Camera	6
Stationery	6
Household Cleaners & Chemicals	6
Children's Apparel	5
Health & Beauty Aids	5
Sporting Goods	5

**Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in [department]? and discount store consumers' response to the question: 'If you were shopping for [product] in a discount department store, which brand of that product would you want?*

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Consumers' Top Brands

Automotives *60*

Pennzoil
Quaker State
Fram

Consumer Electronics *47*

Sony
General Electric
Panasonic

Cosmetics *32*

Maybelline
Cover Girl
Revlon

Domestics *43*

Cannon
Pepperell/Lady Pepperell/
  Westpoint
Fieldcrest

Food, Candy, Snacks *59*

Hershey's
M & M
Snickers

Hardware *58*

Black & Decker
Stanley
General Electric

Health & Beauty Aids *43*

Crest
Colgate
Ivory

Household Cleaners *47*

Tide
Comet
Windex

Housewares *43*

Rubbermaid
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Children's Apparel *31*

Fruit of the Loom
Hanes
Levi's

Ladies' Apparel *32*

Gitano
Fruit of the Loom
Levi's

Men's Apparel *31*

Levi's
Fruit of the Loom
Hanes

Personal Care *50*

Conair
Vidal Sassoon
Remington

Photo, Camera *49*

Kodak
Fuji
Duracell

Sporting Goods *53*

Wilson
Spalding
Coleman

Stationery *54*

Hallmark
American Greetings
Bic

Toys *61*

Mattel
Fisher-Price
Milton Bradley
Hasbro

Discount store shoppers nationwide named their preferred brands in 17 merchandise categories, in a poll conducted for Discount Store News by Leo J. Shapiro & Associates.

Confidence in Finding Name Brands Lags

But Shoppers Likely to Buy Substitutes

By Laura Liebeck

Even though discount stores are carrying a wider selection of name brand goods than ever before, consumers who shop discount outlets regularly are still skeptical about always finding their preferred brands in the store.

In fact, consumers are less confident this year than they were in 1988 that they will find the specific brands they seek.

Shoppers gave 11 of the 17 merchandise categories they were asked about a lower mean confidence rating on the 1989 Consumer Brands Survey.

However, consumers expressed a greater willingness to buy private label merchandise than they did a year ago and are less likely to skip a purchase and switch brands if the specific label they want is unavailable.

On average, consumer confidence in finding name brand products—based on a scale of one to nine with one meaning no confidence and nine meaning total confidence—is a 7.37, down from the 7.42 in 1988, or a grade average of "B", the same as last year.

The numerical decline can be attributed to all merchandise categories except photo and camera, automotives, stationery, domestics, sporting goods and men's apparel, which posted confidence rating increases.

The biggest confidence boost was recorded by sporting goods shoppers who gave this department a 7.22 rating, up from 6.79 last year.

The most dramatic decline in consumer confidence was recorded in CE and cosmetics.

CE, which has the lowest confidence rating of all the categories, received a 6.63 from consumers this year, down from 7.08, and cosmetics got a 7.27 confidence rating, down from 7.65 in 1988.

Consumers reported they are most confident they'll find the brands they prefer in photo and camera (7.89, unchanged from last year), and food, candy and snacks (7.80, down from 7.82 in 1988).

These consumers epitomized the brand orientation of today's shoppers.

Overall, discount store shoppers are more interested in name brand merchandise than they have ever been in past years.

Consumers said they are more interested in name brands in 13 of the 17 categories. However, store brand/private label merchandise is gaining favor among consumers. And in increasing numbers, consumers actually express a preference for private label goods.

Overall, private label merchandise is more acceptable to customers this year than it was in 1988.

One-fifth of all discount store shoppers said they prefer a private label brand to a specific national label, up from one-tenth of the shoppers last year, a substantial increase for retailers.

This is a significant survey result since discounter emphasis and generation of private label brands has been on the increase in an assortment of categories, particularly apparel and domestics.

The results also indicate that if a customer is willing to forego the national name brand for a private label, the discounter is less likely to lose a sale and possibly can create an audience for that private label.

K mart and Wal-Mart have succeeded with this practice, with their Jaclyn Smith and Bobbie Brooks apparel lines, respectively.

Both apparel labels—which appeared on both the top 10 consumer and store manager brands lists—are seen as national brands by consumers and not as private label merchandise.

On the current survey, the preference for private label goods grew in 16 merchandise categories. Only in cosmetics did the preference for private label lessen from last year.

Hardware led the list as the category with the greatest preference for private label followed by children's apparel, ladies' apparel, domestics and men's apparel.

Surprisingly, toys charted the greatest growth in private label preference among consumers.

Historically, toys is a brand-driven category, but discounters have been successful in making inroads with private label merchandise.

All of this is good news for discounters since fewer shoppers will skip a purchase and therefore switch to another brand, a private label name, perhaps.

This year, 47 percent of discount store shoppers said they will skip a purchase if their preferred brand is unavailable to them. While this is still a hefty number, it compares favorably with last year when 49 percent of shoppers said they would skip a purchase entirely if they couldn't find what they want.

Despite the good news, discounters are still in danger of losing consumer electronics customers if their preferred brands are not stocked. Six of 10 CE shoppers said they will skip a purchase rather than buy something other than they originally intended, the highest skip rate of any merchandise category.

The shopper least likely to skip and therefore most likely to switch brands is the stationery customer. Fewer than three in 10 stationery customers will skip the purchase if the brand they want is unavailable.

Of the 17 merchandise categories, discounters have an even chance of losing the purchase or getting the customer to switch brands in eight categories. They are more likely to lose the sale in three categories, and get the customer to switch brands in six categories.

Consumer Snapshot:

They'd Rather Skip Top 5 Departments in Willingness To Skip Purchase If Their Brand Is Not Available in Store	**They'd Rather Switch** Top 5 Department in Willingness To Switch to an Alternative Brand If Preferred Brand is Available
Consumer Electronics	Stationery
Cosmetics	Domestics
Photo & Camera	Children's Apparel
Automotives	Food, Candy & Snacks
Sporting Goods	Personal Care Appliances

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

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Consumer Snapshot:

The Top 5 Departments In Private Label Preference	The Bottom 5 Departments In Private Label Preference
Hardware	Cosmetics
Children's Apparel	Personal Care Appliances
Ladies' Apparel	Photo & Camera
Comestics	Household Cleaners
Men's Apparel	Food, Candy & Snacks

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

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901 Households Polled for Survey

NEW YORK — *DSN*'s exclusive consumer brands survey was based on a national sample of 901 households in telephone interviews that alternated between the "man and woman of the household."

The consumer brands survey consisted of the same 17 merchandise categories examined in the Store Manager Top Brands Survey published in the Oct. 16 issue of *Discount Store News*.

All of the research for both surveys was conducted and compiled in June by Leo J. Shapiro & Associates, a Chicago-based market research firm.

This consumer research survey, unlike others, measures the brand preferences of *discount store shoppers*. The survey results include only those households reporting they shopped at a discount department store at least three times during the past year.

The results of this survey will help discounters identify both their strengths and their weaknesses in serving their customers. It also helps them measure the success of their merchandise programs and their buying decisions and may even give them some insight in how and where to make product line changes.

Those who were interviewed were asked a variety of questions concerning their shopping preferences in all 17 merchandise categories. Consumers were asked:

- To state whether or not they have a brand preference in each category;
- What are their brand preferences in each category;
- Whether they have any private label brand preferences;
- How confident they are in finding the brands they want;
- How willing they are to switch brands if the one they intended to buy is unavailable;
- Which categories of merchandise would they skip making a purchase if they couldn't buy the brand they want.

How Consumer Preferences Affect Brand Trends in 17 Departments

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Department	Mean Level of Confidence of Finding Brand*	Percent 'Not Sure'**	Preferred Private Label	Would Skip Purchase If Preferred Brand Unavailable
Photo & Camera	7.89	11.2%	5.2%	57.3%
Food, Candy & Snacks	7.80	11.7	7.6	40.1
Health & Beauty Aids	7.74	11.0	7.8	51.1
Household Cleaners	7.66	13.8	5.7	48.2
Automotives	7.65	13.5	16.8	52.7
Toys	7.51	15.2	11.0	49.7
Stationery	7.49	15.2	15.8	29.4
Domestics	7.47	16.3	26.2	33.1
Personal Care Appliances	7.40	12.3	5.4	44.6
Housewares	7.30	18.8	12.5	48.9
Cosmetics	7.27	17.7	4.0	58.9
Children's Apparel	7.22	17.1	34.2	39.6
Sporting Goods	7.22	19.9	11.3	52.6
Men's Apparel	7.08	22.7	22.1	50.5
Hardware	7.07	22.1	40.8	45.7
Ladies' Apparel	6.94	23.6	30.0	50.0
Consumer Electronics	6.63	28.9	10.7	60.9

**Consumers were asked how likely would they be able to find the brands they want in each department. Mean: Rating on scale of 1 to 9 with 9 meaning they were 'certain' of finding their preferred brand in a discount store.*

***Ratings of 1 to 5 are grouped together indicating 'Not Sure.'*

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Desire for National Labels Grows in Men's Wear

Nationwide DSN Report

The rising number of national brand names in men's apparel have translated into greater brand preference among shoppers and a growing confidence that the brands they want will be found at their local discount store.

Three-fourths of consumers polled for *DSN*'s 1989 Consumer Top Brands Survey said they have a brand preference when purchasing men's apparel. That translates into a 14 percentage point increase from the 1988 survey and the largest increase of any of the 17 categories studied.

In addition, when consumers were asked to express their confidence in finding the brand they want—on a scale of 1 to 9 (with one meaning no confidence and nine meaning total confidence)—shoppers gave men's apparel a 7.08.

Although the score is relatively low—and higher than only hardware, ladies' apparel and consumer electronics—it does reflect a 19 percentage point increase from 1988.

Obviously, purchasers of men's apparel are becoming much more aware of national labels and prefer them. Plus, they are more confident than ever that the brands they are looking for are on discounters' shelves.

One reason for the growing preference for national brands in men's apparel is due, no doubt, to the increasing numbers of branded goods flooding stores. Customers have more brands to choose from and are becoming more interested in making brand choices.

Private label goods are also gaining momentum in men's apparel, according to survey results, although the preference is still relatively low.

Currently, a little more than two in 10 shoppers (22.1 percent) said they prefer private label men's apparel to branded merchandise, a small gain from 1988.

Ames/Zayre shoppers are the most enthusiastic about store brand/private label merchandise and also are the most interested in branded merchandise, outpacing Wal-Mart customers by just two-tenths of 1 percent.

Target customers are the least concerned with national brands in men's apparel and reported the least interest in store brand/private label.

Overall, Levi's was the No. 1 label consumers said they look for in men's apparel when shopping at a discount store.

Store managers surveyed at roughly the same time as consumers (see *DSN*, Store Managers Top Brands Survey, Oct. 16, 1989) said Lee was their top performing brand and ranked Levi's fifth. Lee is No. 4 on the consumer brands list.

(Consumers are unaware that Levi's is available to discounters only through diverters.)

Levi's mass market label, Brittania, was not even mentioned by consumers as a brand they look for when shopping for men's apparel. But Brittania was on the top 10 list of best performing brands identified by store managers.

Twenty-four men's apparel labels were mentioned by consumers as brands they prefer to purchase in men's apparel.

Compared to last year, seven of the brands reappeared on the top 10 list of the 1989 survey. They are Levi's, Fruit of the Loom, Hanes, Lee, Wrangler, McGregor and Dickies.

Not returning this year are Rustler, Manhattan and Ocean Pacific.

Seven of the men's apparel

(Continued on page 61)

Top Men's Apparel Brands: Store Managers vs. Shoppers

Managers	Consumers
Lee	Levi's
Wrangler	Fruit of the Loom
Fruit of the Loom	Hanes
Hanes	Lee
Levi's	Wrangler
Dickies	Arrow
McGregor	Jockey
Gitano	McGregor
Manhattan	BVD
Brittania	Dickies

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. Shapiro & Assoc.

Consumer Brand Preferences in Men's Apparel

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Levi's	23.9%	23.8%	23.4%	22.2%	22.0%
Fruit of the Loom	20.5	20.2	25.0	13.9	15.4
Hanes	20.5	20.9	17.2	20.4	22.0
Lee	6.0	4.6	3.1	2.8	11.0
Wrangler	5.4	6.0	9.4	5.6	3.3
Arrow	3.9	4.6	1.6	6.5	4.4
Jockey	3.6	3.9	2.3	7.4	2.2
McGregor	2.4	2.8	—	—	—
BVD	2.4	2.1	2.3	2.8	3.3
Dickey	2.1	2.1	1.6	1.9	2.2

Source: Discount Store News/Leo J. Shapiro & Assoc.

New Lines Propel Fruit of the Loom in Children's

Nationwide DSN Report

Fruit of the Loom emerged as the No. 1 brand in infants', toddlers' and children's apparel, jumping six spots on *DSN*'s Top Consumer Brands Survey for the category.

The rise of the popular underwear manufacturer propelled it ahead of Health-Tex, last year's top-ranked children's apparel label, Levi's, Carter, Pampers, OshKosh and Huggies.

Health-Tex fell to fifth on the current survey, with a greatly reduced mention rate.

Fruit of the Loom's move to No. 1 was likely due to the manufacturers entrance into the girls' panty business less than two years ago and its expanded line of boys' briefs.

However, Fruit of the Loom was not a clear winner at the nation's top four chains: K mart, Wal-Mart, Target and Ames/Zayre.

In fact, Fruit of the Loom tied for top honors at Target with Hanes, and at Ames/Zayre with Levi's, OshKosh, Health-Tex and Pampers.

Hanes emerged as the No. 1 brand among shoppers at K mart and Wal-Mart. Pampers was No. 2 at Wal-Mart and Fruit of the Loom was third.

Overall, consumers' top 10 list of children's wear labels varied only slightly from 1988. Just two brands, Carter (No. 21) and Wrangler (No. 11) dropped out of the top 10, replaced by Nike (No. 8) and Reebok (No. 9), relatively new brands to discounters' shelves.

The inclusion of Nike and Reebok on the consumer brands survey illustrates that discount store shoppers now have the impression—whether true or not—that such top-of-the-line labels are available at discounters.

This should be good news to discounters since it means that their customer's appetite for branded goods is accelerating at a time when they are putting greater emphasis on name brands. In addition, consumers expectation of finding top-shelf labels at their local discount store is increasing.

Confidence in finding all the brands they seek still needs some improvement, however.

On a scale of 1 to 9—with one meaning no confidence and nine meaning total confidence—consumers gave children's apparel a 7.22 rating, down from 7.44 on the 1988 survey.

Despite that small slide, shoppers said that they are more interested in branded goods. At the same time, consumers said that they are more interested in store brand/private label products than they were a year ago.

This year, nearly six out of 10 consumers (58 percent) said they have a brand preference in children's apparel, up 10 percentage points from a year ago.

More than one-third (34 percent) also expressed a preference for private label children's wear, up six percentage points from the 1988 survey.

Also, survey results reveal that consumers are slightly less willing than they were last year to skip a purchase if the specific brand they are looking for is not available.

Fewer than four in 10 consumers said they would skip a purchase if the brand they want was not available, and 60 percent said they would simply switch to another label.

Obviously, the brands consumers want to purchase are becoming more available.

Ames/Zayre customers appear to be the most brand-conscious of those polled.

Two-thirds of Ames/Zayre consumers said they have a brand preference when shopping for infants', toddlers' and children's apparel. They are also most interested in private label/store brand merchandise.

(Continued on page 61)

Consumer Brand Preferences In Children's Apparel

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Fruit of the Loom	12.6%	11.6%	11.1%	15.6%	8.8%
Hanes	12.6	12.6	17.8	15.6	5.9
Levi's	11.7	9.5	6.7	8.9	8.8
OshKosh	8.1	7.4	2.2	8.9	8.8
Health-Tex	8.1	8.4	6.7	6.7	8.8
Pampers	7.2	8.4	15.6	6.7	—
Lee	6.3	4.2	2.2	4.4	—
Nike	3.6	3.2	4.4	—	—
Reebok	3.6	4.2	2.2	2.2	2.9
Huggies	2.7	2.1	—	—	—

Source: Discount Store News/Leo J. Shapiro & Assoc.

Top Children's Apparel Brands: Store Managers vs. Shoppers

Managers	Consumers
Lee	Fruit of the Loom
Curity	Hanes
Fisher-Price	Levi's
Health-Tex	OshKosh
OshKosh	Health-Tex
Liberty	Pampers
Fruit of the Loom	Lee
Pampers	Nike
Garanimals	Reebok
Garan	Huggies

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. Shapiro & Assoc.

Ladies' Brands Gaining Favor Among Consumers

Nationwide DSN Report

Female consumers remain well conditioned to private label apparel, however, their preference for branded merchandise is rising.

In fact, more than half (52 percent) of consumers questioned in *DSN's* 1989 Consumer Top Brands Survey said they prefer branded merchandise in ladies' apparel, up 10 percentage points from a year ago.

Despite the advance, consumers just don't voice substantial brand preferences in ladies' apparel and report they have little confidence they'll find the brand they want.

When consumers were asked about their confidence in finding the brand they want in 17 merchandise categories, ladies' apparel ranked 16th, higher than only consumer electronics.

In addition, consumers reported that they prefer private label apparel merchandise more often than shoppers of any other merchandise category except for hardware and children's apparel.

This year, three out of 10 consumers said they prefer private label apparel to branded goods, up one percentage point from 1988.

Although shoppers of ladies' apparel showed no universal preference for a specific brand, their restraint should not be translated into a lack of enthusiasm for new clothes.

Half the consumers surveyed said they will skip a purchase entirely if they can't find what they want. And when asked what brand they shop for when looking for apparel, nearly one-third of the respondents (32.7 percent) mentioned a brand that garnered less than 0.9 percent of total mentions.

Interestingly, both Jaclyn Smith (No. 8) and Bobbie Brooks (No. 9), exclusive private label brands to K mart and Wal-Mart, respectively, were mentioned by consumers as among the top 10 brands in ladies' apparel.

The growing popularity of these two labels bears out the growing preference of consumers for quality private label goods.

Consumer Brand Preferences In Ladies' Apparel

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Gitano	11.8%	12.5%	13.2%	13.2%	13.5%
Fruit of the Loom	8.2	9.1	7.9	7.9	2.7
Levi's	6.4	6.8	5.3	7.9	2.7
L'eggs	6.4	6.8	7.9	10.5	5.4
Lee	5.5	3.4	5.3	2.6	10.8
Hanes	5.5	4.5	2.6	7.9	5.4
Playtex	3.6	4.5	7.9	2.6	—
Jaclyn Smith	3.6	4.5	2.6	5.3	2.7
Bobbie Brooks	2.7	1.1	7.9	5.3	2.7
Cape Cod	2.7	2.3	—	—	2.7

Source: Discount Store News/Leo J. Shapiro & Assoc.

Top Ladies' Apparel Brands: Store Managers vs. Shoppers

Managers	Consumers
Gitano	Gitano
Lee	Fruit of the Loom
Jaclyn Smith	Levi's
Chic	L'eggs
Bobbie Brooks	Lee
Levi's	Hanes
Playtex	Playtex
Wrangler	Jaclyn Smith
Fruit of the Loom	Bobbie Brooks
Cape Cod	Cape Cod

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. Shapiro & Assoc.

Gitano Moves Up to No. 1

Leading the consumer top brands list this year was Gitano, which was No. 2 in 1988. Gitano surpassed Lee, last year's No. 1 for the top spot.

Lee fell back to No. 5 this year behind Gitano, Fruit of the Loom, Levi's and L'eggs.

Gitano, No. 1 in the store manager survey, rose to the top spot on the consumer brands list in large part, no doubt, because of its product line diversity.

Fruit of the Loom, which did not make the top 10 list in 1988, apparently scored well among consumers with its ladies' panty offerings, a relatively new business for the manufacturer.

Hanes, which also was not mentioned as a preferred brand last year, appeared on the 1989 list in the No. 6 spot, likely in large part to its Hanes Her Way sheer hosiery, which has been meeting with a lot of retail success.

Cape Cod, a top performer among store managers, placed No. 10 on the consumer brands survey list for the first time. Interestingly, Cape Cod is the only non-exclusive, sportswear label to appear on the list.

In all, six of last year's ladies' apparel labels reappeared on the top 10 consumer list this year.

Compared with the list of top performing brands listed by store managers, only two brands did not agree. Chic and Wrangler appeared exclusively on the store managers' top 10 list, while Hanes and L'eggs were only on the consumers' top 10 rankings.

The nation's top four discount chains, K mart, Wal-Mart, Target and Ames/Zayre agreed on Gitano as the most sought after ladies' apparel label. After that, the survey results vary.

Fruit of the Loom was in the No. 2 spot at K mart, and Levi 's was third.

At Wal-Mart, the No. 2 position was a three-way tie among Fruit of the Loom, Playtex and Bobbie Brooks.

Target customers put L'eggs in the second spot and Fruit of the Loom, Levi's and Hanes tied for third.

Lee was No. 2 at Ames/Zayre and L'eggs, Hanes and Cape Cod tied for third.

Maybelline Makes Up Ground in Cosmetics Category

Nationwide DSN report

Maybelline is the top cosmetic brand among consumers this year, surpassing Cover Girl for the No. 1 spot, according to *DSN's* 1989 Consumer Brands Survey.

Maybelline's rise to the No. 1 spot puts consumers in agreement with store managers, who ranked Maybelline as the top performing brand in the cosmetics category (see Store Managers Top Brands, *DSN*, Oct. 16, 1989).

In fact, consumers and managers agreed on seven of the top 10 cosmetics brands, and ranked the top four in exactly the same order.

The agreement between the two groups is important in cosmetics, which is among the most brand-oriented categories in a discount store.

In fact, more than nine out of 10 consumers said they have a brand preference in cosmetics, up seven percentage points from the 1988 survey.

The most brand-conscious of consumers appears to be Ames/Zayre shoppers, according to the survey. Wal-Mart customers were the least brand-conscious in this category, although more than 85 percent of the chain's shoppers polled expressed a specific brand preference.

Store brand/private label cosmetics is barely a factor in this category. In fact, no Wal-Mart shoppers expressed an interest in unbranded merchandise.

Despite the preference for branded cosmetics, shopper confidence in finding their preferred brand is waning.

When asked to rank their confidence in finding the right cosmetic brand—on a scale of 1 to 9, with one meaning no confidence and nine meaning total confidence—consumers gave cosmetics a 7.27. Cosmetics scored a 7.65 on the confidence scale in last year's survey.

Even with the confidence decline, fewer consumers this year are likely to skip the purchase if they can't find the exact brand they want. However, cosmetics shoppers are among the most likely to skip a purchase if they can't find the exact brand.

Nearly six out of 10 cosmetics shoppers said they would skip a purchase entirely if their preferred brand is unavailable, down from 64.2 percent a year ago.

Overall, Maybelline's rise to the top spot is due to dramatic mention increases by K mart and Target shoppers.

Cover Girl's slide to second place is the result of mention declines at K mart, Wal-Mart and Ames/Zayre. However, Target shoppers mentioned Cover Girl more often this year than last year as a preferred brand.

Revlon, No. 3, owed its mention increase to Wal-Mart shoppers and Ames/Zayre, who said Revlon is a preferred cosmetic brand twice as often this year as in 1988.

Max Factor, which inched up a notch to fourth place, scored big increases at K mart, Wal-Mart and Target, but fell dramatically at Ames/Zayre.

Top Cosmetics Brands: Store Managers vs. Shoppers

Managers	Consumers
Maybelline	Maybelline
Cover Girl	Cover Girl
Revlon	Revlon
Max Factor	Max Factor
L'Oreal	Clarion
Clarion	L'Oreal
Clairol	Almay
Noxell	Wet 'N Wild
Maxell	Clairol
Coty	Aziza

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. Shapiro & Assoc.

Consumer Brand Preferences In Cosmetics

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Maybelline	33.9%	33.3%	26.8%	44.7%	23.5%
Cover Girl	26.6	27.3	24.4	42.1	20.6
Revlon	22.6	19.2	24.4	15.8	29.4
Max Factor	6.5	7.1	9.8	7.9	2.9
Clarion	4.0	5.1	4.9	2.6	5.9
L'Oreal	3.2	4.0	2.4	2.6	2.9
Almay	3.2	3.0	2.4	2.6	5.9
Wet 'N Wild	3.2	4.0	—	2.6	2.9
Clairol	2.4	2.0	2.4	5.3	—
Aziza	2.4	3.0	4.9	2.5	5.9

Source: Discount Store News/Leo J. Shapiro & Assoc.

Brand Awareness Becomes a Force in Housewares

Nationwide DSN Report

Name brands are becoming more important to consumers in the housewares category although national names are not as important as they are in 11 other merchandise categories.

Seven out of 10 shoppers in this year's *DSN* Consumer Brands Survey said they have a brand preference in housewares when they go to a discount store, up six percentage points from 1988.

Consumers also said that private label is becoming more important to them in housewares, as well.

Twelve percent of all consumers in the survey expressed a preference for private label housewares, up four percentage points from a year ago.

More than four years after acquiring General Electric's small electrics division, consumers are finally recognizing the Black & Decker name in the housewares category.

Black & Decker shot up six spots on the consumer list of preferred housewares labels, tripling the number of mentions it received last year.

Now in third place behind Rubbermaid and GE, Black & Decker passed by such venerable housewares names as Corning, Sunbeam and Revere.

Black & Decker's rise on the consumer brands chart came from discount shoppers in general and by customers of K mart, Wal-Mart, Target and Ames/Zayre specifically.

Shoppers of each of the nation's top four discount chains helped Black & Decker-brand housewares notch substantial brand preference gains over the past year, with the greatest increase recorded by Wal-Mart and K mart shoppers.

Overall, Rubbermaid topped the consumer brand list with gains posted by each discount chain. Rubbermaid's largest gain was recorded by Ames/Zayre, probably a result of Ames' acquisition of Zayre and an adjustment of the two chains' merchandise lines and Rubbermaid's numerous offerings.

General Electric—still a dominant force in consumers' minds despite its exit several years ago—was No. 2 on the list, the same as in 1988.

Just about every housewares brand recorded an increase in consumer responses this year, indicating brand entrenchment in the marketplace.

Despite greater consumer interest in both name brand and private label housewares, shoppers also report that they are not very confident they'll find the brand they seek.

In fact, on a scale of 1 to 9—with one meaning no confidence and nine meaning total confidence—shoppers gave housewares a rating of 7.30, down from 7.57 last year. Only cosmetics and consumer electronics received a lower mean confidence rating.

The low confidence rating poses a challenge for discount chains: keeping the customers and getting them to make a purchase.

Nearly half the consumers (48.9 percent) polled for this survey said they would skip the purchase entirely if they could not find a specific housewares brand, up nine-tenths of 1 percent from 1988.

However, discounters and consumers seem to agree on the top housewares brands: Rubbermaid, General Electric, Black & Decker, Corning, Corelle, Cannon, Silverstone and Ekco.

Top Housewares Brands: Store Managers vs. Shoppers

Managers	Consumers
Rubbermaid	Rubbermaid
Corelle	General Electric
Corning	Black & Decker
Visions	Corning
Black & Decker	Corelle
Ekco	Cannon
Silverstone	Sunbeam
Tucker	Revere
General Electric	Silverstone
Procter Silex	Ekco

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Consumer Brand Preferences In Housewares

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Rubbermaid	15.8%	16.3%	15.8%	13.8%	24.7%
General Electric	11.9	11.0	13.3	12.1	7.5
Black & Decker	9.1	9.5	10.0	11.2	5.4
Corning	7.9	7.6	6.7	7.8	6.5
Corelle	6.4	7.2	7.5	6.9	4.3
Cannon	6.4	6.8	5.0	4.3	9.7
Sunbeam	5.5	6.1	7.5	6.9	7.5
Revere	4.6	4.2	1.7	3.4	7.5
Silverstone	4.3	4.9	6.7	6.0	4.3
Ekco	4.0	4.2	2.5	5.2	2.2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Cannon Widens Lead Among Domestics Brands

Nationwide DSN Report

Cannon increased its hold as the most preferred brand in domestics, widening its lead over the other top rated labels, according to consumer responses to *DSN's* Consumer Top Brands Survey.

When asked to name the domestics brands they prefer, consumers overwhelmingly named Cannon. Pepperell—Lady Pepperell and West Point Pepperell—is the No. 2 brand, based on consumer responses, but is far behind Cannon.

Pepperell Mentions Rise

However, Pepperell did record an increase in the number of mentions from last year's survey. Specifically, Pepperell recorded its biggest increases from Wal-Mart and Ames/Zayre shoppers. Its biggest decline was recorded by Target shoppers.

In fact, Target customers named all top 10 domestics labels less often this year than in 1988, indicating a trend throughout the category.

Only four of the top 10 domestics labels recorded increases in mentions this year: Cannon, up two-tenths of one percent: Pepperell, up six-tenths of 1 percent; Dan River, up 1.1 percentage points; and Spring Maid, up half a percent.

All the others were mentioned less often on the current survey than they were in 1988. The largest decline was recorded by Fieldcrest and St. Mary's, both Cannon labels, by 1.8 percentage points. Their decline could be a result of greater recognition of the Cannon label.

The decline in mentions for most of the nation's top name brands in domestics could be due to a growing acceptance and preference for private label goods.

For example, when consumers were asked about their preference for private label domestics, their responses were so high they were second only to hardware, the category with the biggest preference for private label products.

More than one-fourth (26 percent) of consumers said they prefer private label domestics, up 42 percent from a year ago.

Despite this growing preference for private label domestics, consumers noted that they still go shopping with a specific brand in mind, survey results reveal.

More than half the consumers (57 percent) polled said they do have a brand preference in domestics, up nine percentage points from a year ago. Only women's apparel garners fewer mentions for brand preference.

While saying they have a brand preference, these same customers are among the most likely to switch brands if the one they want is not available to them.

Two-thirds of the consumers said if they can't find the exact brand they are looking for in domestics, they'll switch. Therefore, fewer of them than last year will skip the purchase, saving both the customer and the purchase.

However, switching brands is not a particularly big concern for domestics customers.

These shoppers are fairly confident they will find the domestics brand they seek.

On a scale of 1 to 9 — with one indicating no confidence and nine meaning total confidence—shoppers gave domestics a confidence rating of 7.47, compared with 7.36 last year.

Customers have every reason to be confident they'll find the right brand. Store managers and consumers agree on seven of the top 10 brands. Cannon topped both lists with Pepperell in the No. 2 spot.

Consumer Brand Preferences In Domestics

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Cannon	64.5%	65.3%	70.7%	59.6%	58.0%
Pepperell/ Lady Pepperell/ Westpoint/	4.1	4.0	4.0	5.3	6.0
Fieldcrest	3.5	4.0	1.3	5.3	6.0
Martex	2.3	1.3	1.3	3.5	4.0
Dan River	2.3	2.7	2.7	—	6.0
St. Mary's	1.7	2.0	—	3.5	—
J.P. Stevens	1.2	1.3	2.7	—	2.0
Burlington	.6	.7	—	1.8	—
Taste Maker	.6	.7	1.3	—	2.0
Spring Maid	1.7	2.0	—	—	4.0

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Domestics Brands: Store Managers vs. Shoppers

Managers	Consumers
Cannon	Cannon
Pepperell/Lady Pepperell/ Westpoint	Pepperell/Lady Pepperell/ Westpoint
J.P. Stevens	Fieldcrest
Spring/Spring Mills	Martex
Martha Stewart	Dan River
Dan River	St. Mary's
Fieldcrest	Spring Maid
Kenney	J.P. Stevens
Burlington	Burlington Taste Maker

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Consumers Flexible in Their Choice of Cleaners

Nationwide DSN Report

When consumers go to a discount store for a household cleaner or chemical, they are looking for a specific brand but are as likely to switch as skip the purchase if they can't find what they're looking to buy.

According to *DSN's* Consumer Brands Survey, shoppers of household cleaners and chemicals, along with photo and camera customers, are the most brand-conscious customers, based on interviews with consumers in 17 merchandise categories.

Ninety-five percent of all household cleaners and chemicals shoppers said they shop a discount store with a specific brand in mind.

Likewise, these shoppers have a very low preference for private label cleaners.

If they can't find a specific brand, half (49.3 percent) of these shoppers said they will skip the purchase entirely, up slightly over one percentage point from last year.

Increasingly, shoppers of household cleaners and chemicals are wary of finding their preferred brands.

Nearly one-fifth of the survey respondents said they are not sure they'll find their preferred brands, up three percentage points from last year's results.

On a scale of 1 to 9—with one meaning no confidence and nine meaning total confidence—shoppers gave household cleaners and chemicals a 7.6 confidence rating. This is relatively high compared with the other 16 merchandise categories surveyed—only three categories ranked higher—and is down from last year's rating of 7.8.

In addition, 53 percent of the consumers surveyed said they are completely confident they'll find the household cleaner or chemical in their local discount store, higher than every merchandise category but food, candy and snacks and photo and camera, according to survey results.

This is a very substantial comment since consumers listed 38 brands of cleaners they prefer to purchase, higher than all except consumer electronics, photo and camera, and housewares, and tied with food, candy and snacks.

Another reason for consumer confidence is that discounters are gaining a better understanding of what customers want to purchase.

Store managers and consumers agree on six of the top 10 brands in household cleaners and chemicals, up one brand from the 1988 survey.

Overall, consumers said Tide is the No. 1 cleaner, the same results as the store manager survey.

In fact, Tide increased its hold on the No. 1 spot by seven percentage points, due to increases at K mart, Target and especially at Wal-Mart.

No. 2 Comet, while firmly in second place, lost some ground this year, a result of losses at all four top discount chains, but especially at Ames/Zayre.

The top 10 consumer brand list is composed of eight of last year's labels plus Pledge (No. 9) and Spic & Span (No. 10). They replace Ivory and Colgate-Palmolive, which fell to 12th and 14th, respectively.

Of the other eight labels, five recorded mention increases and three, Comet, Lysol and Pine-Sol, all recorded losses.

Consumer Brand Preferences In Household Cleaners

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Tide	30.1%	28.3%	31.6%	28.9%	26.3%
Comet	17.0	18.1	21.1	17.5	13.2
Windex	13.5	14.6	13.2	14.4	14.5
Ajax	10.6	11.5	11.4	9.3	9.2
Dawn	10.3	11.9	15.8	7.2	10.5
Clorox	9.2	8.4	13.2	7.2	11.8
Lysol	8.5	9.3	7.9	8.2	10.5
Pine-Sol	8.5	9.7	7.9	10.3	3.9
Pledge	6.7	8.0	7.9	8.2	9.2
Spic & Span	5.7	6.6	2.6	2.1	11.8

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Household Cleaner Brands: Store Managers vs. Shoppers

Managers	Consumers
Tide	Tide
Clorox	Comet
Windex	Windex
Johnson	Ajax
Formula 409	Dawn
Lysol	Clorox
Dawn	Lysol
Purex	Pine-Sol
Ajax	Pledge
Johnson & Johnson	Spic & Span

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

CE Shoppers Would Rather Skip Than Switch

Nationwide DSN Report

Consumers in the market for consumer electronics goods are likely to look elsewhere if the discounter does not have the specific brand they want, according to *DSN's* 1989 Consumer Brands Survey.

More than six out of 10 consumers (60.9 percent) said they would skip the purchase rather than buy some other CE label, the highest skip rate of all 17 merchandise categories surveyed in this year's report.

This is not surprising since many audio- and videophiles converse easily about amps, decibels, base level, etc., and are very particular about the CE brands they take home.

Discounters appear to be making headway with this consumer, even though dedicated CE customers are not traditional discount shoppers.

The survey shows that traditional discount store shoppers, particularly Ames/Zayre customers, are very brand-oriented in CE. More than nine out of 10 Ames/Zayre customers professed a preference for branded CE products. Conversely, shoppers of the most upscale of the stores surveyed, Target, expressed the least interest in branded CE.

This year, store managers and CE consumers agreed on seven of the top 10 brands, up one brand from last year's survey.

More than eight out of 10 consumers polled (84 percent) said they have a brand preference when shopping for CE products, up five percentage points from 1988.

Likewise, relatively few CE shoppers (11.7 percent) express a preference for private label CE products. However, that figure represents an increase in preference for private label CE over last year when just 3.4 percent of CE shoppers said they prefer private label CE products to branded goods.

Despite the advances, persnickety CE shoppers still are not very certain of finding their favorite brands at discount stores.

In fact, nearly three out of 10 consumers (28.9 percent) said they are "not sure" they'll find the CE label they want, the highest uncertainty rating of all 17 categories.

In addition, the consumer confidence rating for CE fell about half a point from last year, the largest decline of the categories surveyed.

On a scale of 1 to 9 — with one meaning no confidence and nine meaning total confidence—consumers gave CE a 6.63 confidence rating, the lowest of all 17 merchandise categories.

Overall, Sony is the No. 1 CE label on the consumer list. Sony surpassed General Electric, last year's No. 1 label among consumers, for the top position. Sony's rise from No. 2 on the 1988 survey is due in large part to substantial mention increases by Wal-Mart and Target customers.

GE, which makes clock radios, personal portable radio/tape cassettes and other relatively small electronics but not TVs, is in the No. 2 position. GE continues to command a major presence among the top 10 CE brands of both consumers and store managers because of its long history and name recognition.

Of the top 10 CE labels, eight returned from last year. The two new labels are Pioneer and Scotch, replacing Apple and TDK.

Emerson, No. 1 among store managers, continues to make the consumer top brands list, but in a less dominant position. This is probably because shoppers don't think of Emerson—which produces reliable, mid-range equipment—when they go to buy, but end up attracted to the brand's sharp pricing and eventually make the purchase.

Nintendo (No. 5) and Sharp (No. 6) continue their rise, supported by the increasing acceptance of Nintendo games and new products—despite product shortages which have tarnished the shine for many consumers and store managers—and Sharp's effective network advertising.

Consumer Brand Preferences In Consumer Electronics

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Sony	16.2%	14.7%	13.9%	22.5%	13.5%
General Electric	12.2	12.9	18.1	11.3	7.7
Panasonic	10.2	8.6	9.7	9.9	1.9
RCA	9.1	11.0	15.3	9.9	11.5
Nintendo	9.1	8.6	2.8	9.9	7.7
Sharp	6.1	6.7	4.2	7.0	3.8
Emerson	4.6	5.5	6.9	2.8	11.5
Zenith	4.6	5.5	5.6	4.2	7.7
Pioneer	3.6	4.3	2.8	4.2	1.9
Scotch	3.6	3.1	4.2	4.2	1.9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Consumer Electronics Brands: Store Managers vs. Shoppers

Managers	Consumers
Emerson	Sony
General Electric	General Electric
Panasonic	Panasonic
Sony	RCA
Sharp	Nintendo
RCA	Sharp
Magnavox	Emerson
GoldStar	Zenith
Nintendo	Pioneer
Soundesign	Scotch/3M

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Despite Kodak's Enduring Appeal, Other Brands Develop Popularity

Nationwide DSN Report

Don't even bother asking consumers to buy private label photo and camera equipment because it isn't worth the effort.

But if you ask them if they have a brand preference in photo and camera, 95 percent of them will say they do, and probably name Kodak at the top of their list.

That's one of the major findings of *DSN's* 1989 Consumer Top Brands Survey of the photo and camera category.

Shoppers are so attuned to branded goods in photo and camera that if the label they want is unavailable, nearly six out of 10 (57.3 percent) will skip the purchase entirely, higher than all other merchandise categories but cosmetics and consumer electronics.

Despite that tendency, shoppers are very confident—in fact, the most confident of consumers of all 17 categories—that they'll find their preferred brand.

On a scale of 1 to 9—with one meaning no confidence and nine meaning total confidence—shoppers gave photo and camera a 7.89 confidence rating, the same as the year before.

The brands consumers search for are among the most popular brands known to American consumers.

Topping the list, once again, is Kodak. The No. 1 photo label among consumers also ranked No. 1 in mentions by store managers asked to name their best performing brands (see Store Managers Top Brands, *DSN*, Oct. 16, 1989).

In fact, consumers and store managers agree on six of the top 10 photo and camera brands, the same as in 1988.

Kodak's top ranked position eroded somewhat.

The popular consumer label slipped nearly four percentage points in the rankings among consumers this year, a result of advances by Fuji, Duracell, Canon, Eveready, Sony, Sylvania and other top 10 brands.

Kodak, along with Polaroid, had the most substantial mention losses recorded on the consumer survey. And it lost ground among the nation's top four discount chains: K mart, Wal-Mart, Target and Ames/Zayre.

Polaroid also posted declines in consumer mentions at all four discounters, enough to drop the brand from No. 3 to No. 4 on this year's chart.

No. 2 Fuji—which is way back in second place behind Kodak—posted dramatic mention increases at Target and Ames/Zayre, a small increase at Kodak and a big decline at Wal-Mart.

Duracell, which jumped three spaces on the consumer brands survey this year, owes its climb to substantial increases at all four discounters, but especially to Wal-Mart shoppers, who named Duracell as a preferred brand nearly 11 times more often this year than in 1988.

Consumer Brand Preferences In Photo & Camera

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Kodak	79.0%	78.2%	82.5%	74.0%	74.3%
Fuji	10.5	10.5	6.8	14.6	12.2
Duracell	7.9	8.6	11.7	8.3	9.5
Polaroid	6.0	6.4	7.8	6.3	2.7
Canon	5.2	4.5	4.9	6.3	6.8
Eveready	4.1	5.0	3.9	2.1	4.1
Sony	1.9	1.4	1.0	2.1	1.4
Sylvania	1.9	2.3	1.9	2.1	1.4
Scotch	1.1	1.4	1.0	1.0	2.7
Memorex	0.7	0.9	1.0	1.0	—

Source: Discount Store News/Leo J. Shapiro & Assoc.

Top Photo & Camera Brands: Store Managers vs. Shoppers

Managers	Consumers
Kodak	Kodak
Polaroid	Fuji
Canon	Duracell
Minolta	Polaroid
Fuji	Canon
Pentax	Eveready
Nikon	Sony
Emerson	Sylvania
Duracell	Scotch/3M
Scotch/3M	Memorex

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/ Leo J. Shapiro & Assoc.

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PERSONAL CARE APPLIANCES

TOP BRANDS II

Consumer Brand Preferences in Personal Care Appliances

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre	Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Conair	25.4%	28.6%	37.5%	28.0%	31.6%	**GE**	9.2%	9.8%	8.3%	6.0%	5.3%
Vidal Sassoon	13.8	13.4	8.3	12.0	21.2	**Norelco**	8.5	8.9	6.3	6.0	2.6
Remington	11.5	13.4	10.4	6.0	13.2	**Sunbeam**	3.8	3.6	6.3	6.0	5.3
Clairol	10.8	9.8	14.6	16.0	13.2	**Schick**	3.8	2.7	—	6.0	5.3
Gillette	10.8	9.8	16.7	10.0	10.5	**Braun**	3.8	3.6	2.1	6.0	5.3

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

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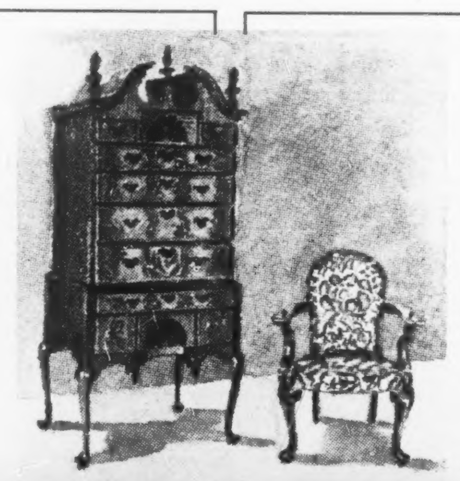

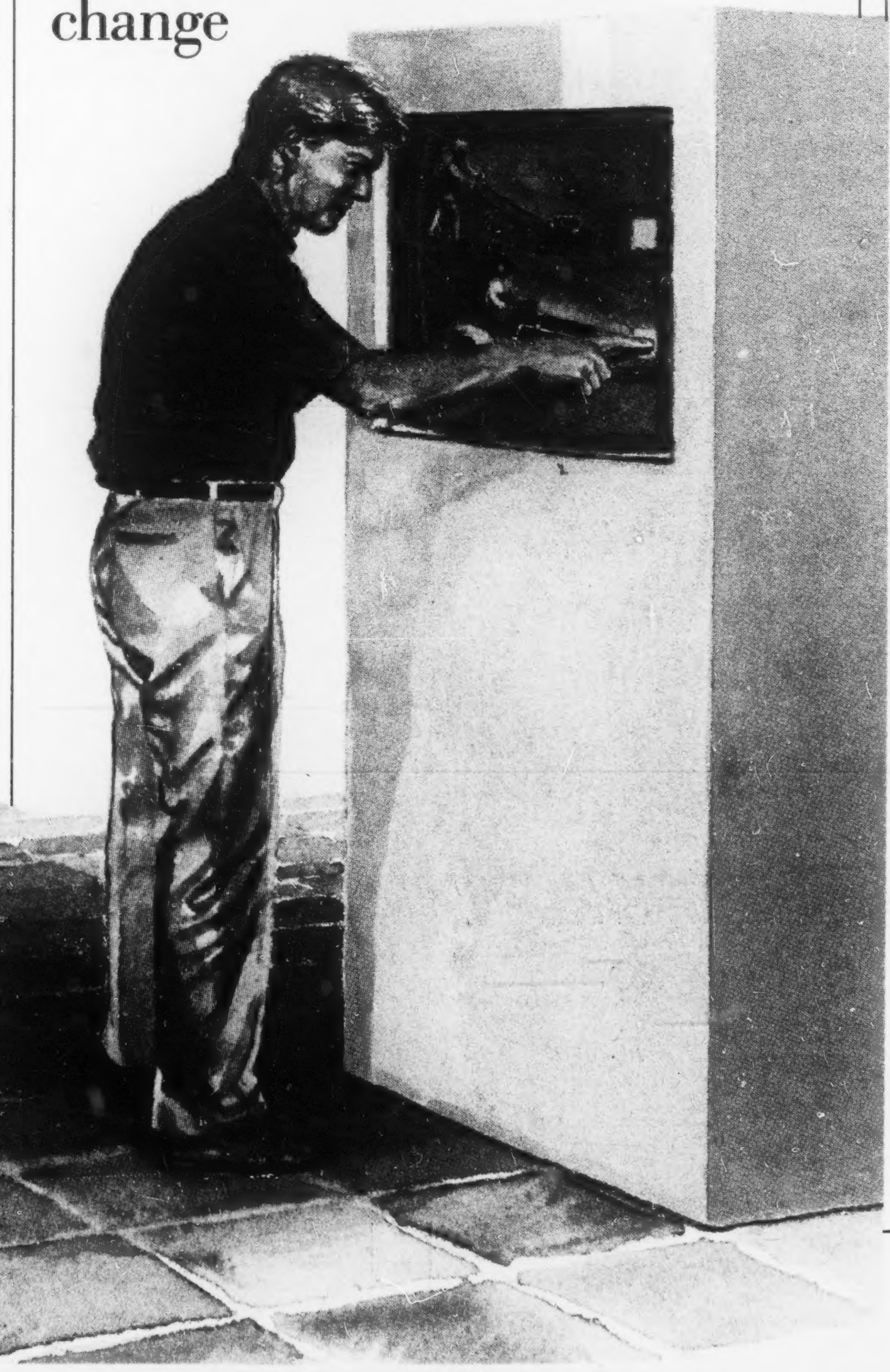

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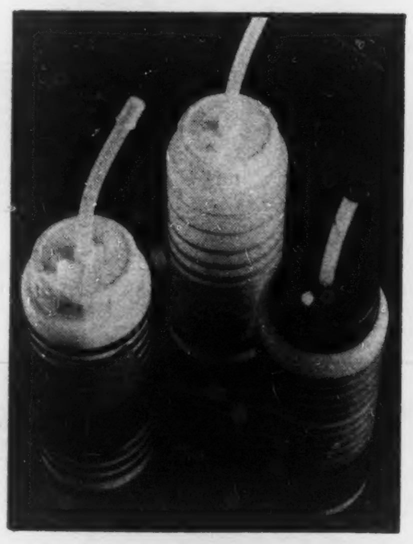

National Name Brands Score Points Among Sporting Goods Consumers

Nationwide DSN Report

Discount store shoppers are more interested in name brand sporting goods this year than they were a year ago, according to *DSN*'s Consumer Top Brands Survey.

Seventy-one percent of consumers polled expressed a preference for a national name label in sporting goods this year, an increase of 12 percentage points from last year's survey.

Of the brands mentioned specifically by consumers, Wilson and Spalding were the two most preferred labels for the second year in a row. Nearly 16 percent of discount store shoppers named Wilson as their preferred brand in sporting goods, while about 12 percent named Spalding. Those figures are slightly lower than the 19.3 percent and 13.6 percent those top brands garnered respectively in the previous year's survey.

Zebco, the No. 3 ranked brand last year with 8.6 percent of total mentions, dropped to No. 5 this year, with 5 percent of mentions.

While the top three brands received relatively fewer mentions this year, a number of other labels saw their standing among consumers rise. Coleman was named as a preferred brand by 9.6 percent of shoppers, up from 6.3 percent last year. Garcia rose to 4 percent, from 3.3 percent in 1988.

And, three brands made the top 10 list for the first time: Reebok, though not usually found at discount stores, nevertheless ranked sixth with 4.6 percent of mentions; Penn ranked eighth with 4.3 percent; and Rawlings debuted on the top 10 list with 3.3 percent of the responses.

The rankings of the top brands varied only slightly among shoppers of the four major discount store chains. The top three brands at K mart were Wilson, Spalding, and Coleman. At Wal-Mart, Wilson and Spalding were the top two, with Zebco coming in third. Target shoppers preferred Wilson, Coleman and Spalding. At Ames/Zayre, Wilson was again No. 1, but Spalding and Nike tied for second.

There was a greater amount of disagreement this year between store managers' views of their top performing brands and consumers' views of their preferred brands.

Managers and consumers agreed upon only five of the top 10 brands in the sporting goods category. Last year, managers and consumers agreed on eight sporting goods labels.

Only Wilson, Spalding, Coleman, Zebco, and Garcia appeared on both the store managers' top 10 list of top performing brands and consumers' top 10 list of preferred brands. The brands neglected by the managers but preferred by consumers were: Nike, Reebok, Remington, Penn and Rawlings.

Consumer Brand Preferences In Sporting Goods

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Wilson	15.6%	14.8%	17.0%	18.1%	13.7%
Spalding	12.3	13.6	10.0	14.3	9.5
Coleman	9.6	10.7	5.0	17.1	7.4
Nike	6.3	5.8	2.0	6.7	9.5
Zebco	5.0	5.8	7.0	3.8	4.2
Reebok	4.6	3.7	4.0	5.7	4.2
Remington	4.3	4.5	4.0	2.9	4.2
Penn	4.3	3.3	3.0	3.8	3.2
Garcia	4.0	4.5	3.0	3.8	3.2
Rawlings	3.3	2.5	1.0	3.8	3.2

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Top Sporting Goods Brands: Store Managers vs. Shoppers

Managers	Consumers
Wilson	Wilson
Coleman	Spalding
Spalding	Coleman
Zebco	Nike
MacGregor	Zebco
Huffy	Reebok
Franklin	Remington
Garcia	Penn
Berkley	Garcia
Academy Broadway	Rawlings

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/ *Leo J. Shapiro & Assoc.*

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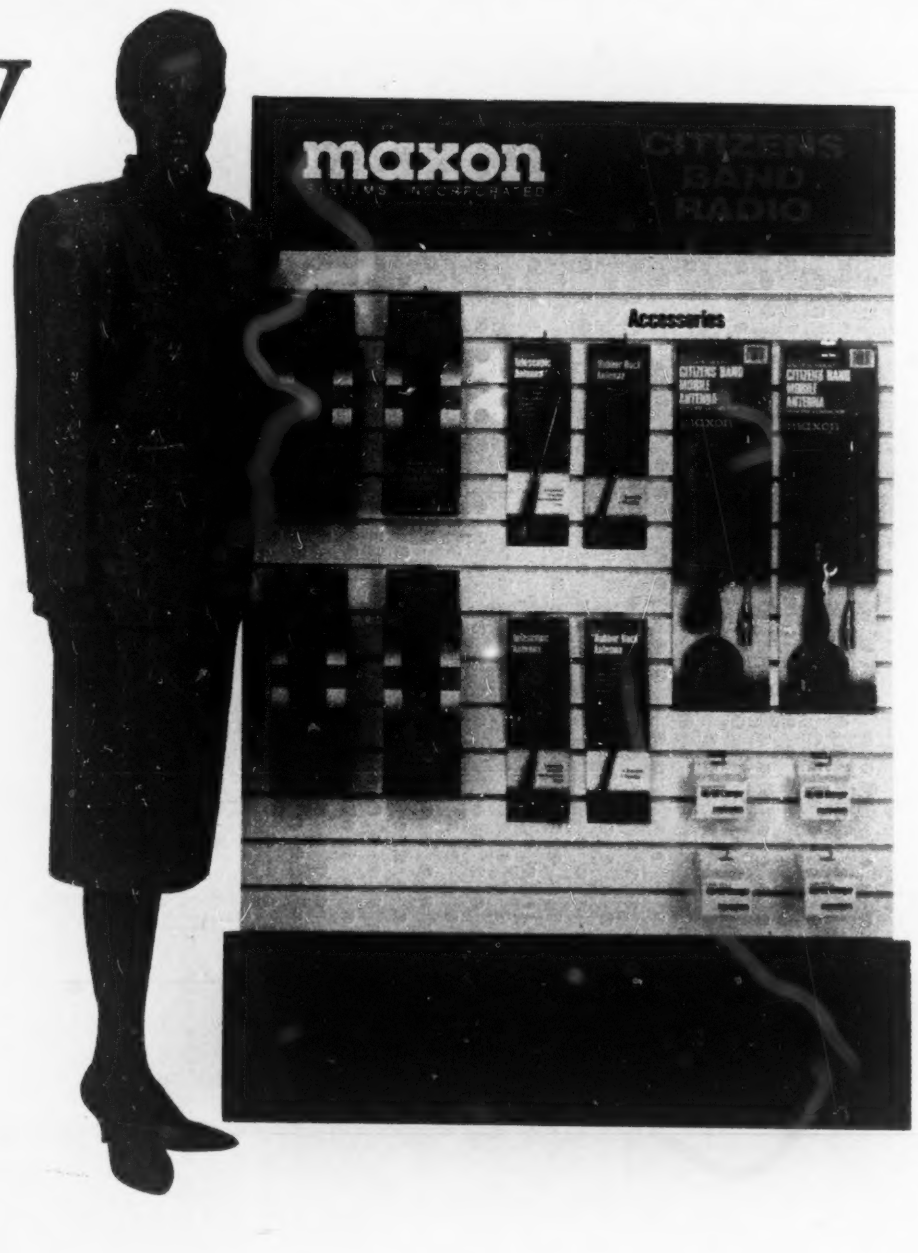

And so will your customers

It takes a lot for one Citizens Band radio to stand out from the competition. And the Maxon 27-LP has it all.

First thing to catch your eye will be the full-color, show-and-sell packaging.

Then, how compact and "professional" looking this 5-watt portable transceiver is.

Once you get past the good looks, the performance features are even more impressive. Like delivering the maximum legal output power and full 40-channel capability. The superhet receiver has noise limiting circuitry and adjustable squelch. Other features include a battery-saving hi/low switch, in-unit charging jack and a detachable "rubber duck" antenna.

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Consumers Likely to Buy Another If Preferred Brand Not Available

Nationwide DSN Report

When consumers shop a discount store for a stationery department product, they are very likely to have a particular brand in mind.

In fact, more than half of discount store shoppers polled in *DSN's* 1989 Consumer Top Brands Survey said they would prefer to buy Hallmark.

But, in comparison with consumers shopping 16 other discount store merchandise categories, stationery shoppers are also likelier to buy another brand if their preferred brand is not in stock.

Of the 17 product categories covered in the Consumer Top Brands Survey, the shopper least likely to skip the purchase entirely and therefore most likely to switch brands is the stationery customer. Fewer than three in 10 stationery customers will skip the purchase if the brand they want is unavailable.

Considering Hallmark's low penetration of the discount store channel, it appears that those consumers preferring Hallmark are not walking out of the discount store empty-handed. They're buying such brands as American Greetings, Ambassador (a division of Hallmark), Sangamon, Gibson and others.

High Confidence Rating

In a curious finding, consumers said they are very confident of finding the brand they want in stationery, even though their most preferred brand is often not available. The mean rating of consumer confidence in finding the brand they want in stationery—based on a scale of 1 to 9 with one meaning no confidence and nine meaning total confidence—was 7.49, an increase from the 7.18 rating the department garnered in 1988. That figure is also higher than the average rating of 7.37 registered by all 17 departments studied.

The proportion of consumers expressing a preference for private label stationery in 1989 grew to 16 percent, from just 9 percent last year. However, preference for private label stationery products is still relatively low compared to other merchandise categories such as hardware (41 percent), children's apparel (34 percent), and women's apparel (30 percent).

In all, 68 percent of discount store shoppers expressed a national name brand preference in stationery, up five percentage points from the previous year.

Following Hallmark, consumers' most preferred brands are American Greetings, Bic, Mead, and Papermate. With the exception of Hallmark, those top consumer brands were also among the top 10 brands rated by discount store managers as top performers. Ambassador also appeared on both consumers' top 10 and store managers' top 10 lists.

Forget-Me-Not, Scotch/3M, Parker and Schaeffer-Eaton were among the consumers' top 10 brands, but did not make the store managers' list of top 10 department performers.

Top Stationery Brands: Store Managers vs. Shoppers

Managers	Consumers
Mead	Hallmark
Bic	American Greetings
American Greetings	Bic
Crayola	Mead
Papermate	Papermate
Ambassador	Ambassador
Cambridge	Forget-Me-Not
Gibson Buzza	Scotch/3M
Hallmark	Parker
Stuart Hall	Schaeffer-Eaton

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Consumer Brand Preferences In Stationery

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Hallmark	57.5%	56.0%	47.7%	59.4%	57.7%
American Greetings	15.8	16.0	18.2	15.2	12.6
Bic	7.5	7.3	7.6	7.2	7.2
Mead	6.7	7.3	7.6	8.0	6.3
Papermate	3.7	4.3	2.3	4.3	2.7
Ambassador	1.9	2.3	2.3	2.2	1.8
Forget-Me-Not	1.9	2.3	1.5	1.4	3.6
Scotch	1.3	1.3	.8	1.4	0.9
Parker	1.1	1.0	1.5	0.7	—
Schaeffer/ Eaton	0.8	1.0	1.5	—	0.9

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

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Brand-Consciousness Slackens a Bit in Toys

Nationwide DSN Report

Discount store shoppers appear less brand-conscious this year when buying toys. In the 1989 Consumer Top Brands Survey, just 72 percent of shoppers had a preference for a name brand toy, compared with 77 percent in 1988.

Surprisingly, in such a brand-intensive category as toys, private label charted a substantial growth in preference among toy shoppers, the biggest percentage increase in private label preference of all 17 merchandise categories covered in the study.

For the second consecutive year, Mattel was the name brand preferred by the largest percentage of discount store shoppers. The maker of a wide range of toy department staples, including the ever-popular Barbie dolls and accessories, ranked No. 1 in the toy category in this year's survey.

Top Toy Brands: Store Managers vs. Shoppers

Managers	Consumers
Fisher-Price	Mattel
Mattel	Fisher-Price
Playskool	Milton-Bradley
Little Tikes	Hasbro
Milton Bradley	Playskool
Hasbro	Lesney/Matchbox
Lego	Tonka
Kenner	Lego
Tonka	Crayola
Huffy	Schwinn

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

Fisher-Price ranked second on consumers' top 10 list of name brands, according to the survey, reversing the order of finish that store managers gave top performing brands in the toy department. In a survey of discount store managers (see *DSN*, Store Managers Top Brands, Oct. 16, 1989), Fisher-Price received the largest percentage of mentions as a best performing brand in the department, followed by Mattel.

Milton Bradley, Hasbro and Playskool ranked third, fourth and fifth in the consumer poll of preferred brands. Since Milton Bradley and Playskool are divisions of Hasbro, Hasbro as a company received nearly 30 percent of all mentions—which would have propelled it to first on the list. Among store managers, the Hasbro, Milton Bradley and Playskool brands all ranked among the top six brands.

This year, as in 1988, store managers and consumers agreed on seven of the top 10 toy brands.

Lesney/Matchbox, Crayola and Schwinn appeared on the consumers' top 10 list but not store managers, who were asked to name their best performing brands in the department. Crayola's line expansion from crayons and coloring books to a wide range of art-related products no doubt helped fuel its higher profile among consumers.

Interestingly, consumers named Schwinn—not generally considered a discount brand—to their top 10 list although Huffy is the top performing wheel goods brand according to store managers.

Conspicuous by its absence from the top 10 list in toys is Nintendo. But that is because consumers associate Nintendo with consumer electronics, giving the hot video game brand the fifth rank in CE.

The rankings of the brands preferred by customers of the four largest discount chains revealed some slight variations. Among K mart shoppers, the most often mentioned brands are, in order, Mattel, Fisher-Price and Playskool. At Wal-Mart, the top three are Mattel, Fisher-Price and Milton Bradley. Target shoppers look for Mattel, Fisher-Price, Playskool and Hasbro. And, an equal number Ames/Zayre shoppers prefer Mattel and Fisher-Price. Lesney/Matchbox is No. 3 among those shoppers.

Consumer Brand Preferences in Toys

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Mattel	25.5%	23.1%	31.3%	30.0%	28.6%
Fisher-Price	19.3	18.2	14.6	15.0	28.6
Milton Bradley	10.3	9.9	12.5	6.7	7.1
Hasbro	10.3	8.3	8.3	11.7	7.1
Playskool	9.0	10.7	6.3	15.0	2.4
Lesney/ Matchbox	6.9	7.4	8.3	3.3	11.9
Tonka	6.2	5.8	2.1	5.0	7.1
Lego	5.5	5.8	4.2	5.0	7.1
Crayola	4.1	4.1	6.3	5.0	4.8
Schwinn	4.1	5.0	4.2	5.0	2.4

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

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Consumers Prefer Wide Array of H&BA Brands

Nationwide DSN Report

How's this for brand diversity in a product category? When asked to name their preferred brands in health & beauty aids, consumers polled in *DSN's* 1989 Consumer Top Brands Survey mentioned 76 different labels, 11 more than in last year's study.

Adding to the dizzying array of name H&BA labels with consumer-appeal are "other" brands that each elicited less than 0.3 percent of mentions from consumers. These "other" brands garnered a total of 40 percent of mentions in the category, more than double the number of mentions for the No. 1 brand, Crest.

Name brand H&BA products are very important to consumers.

In fact, 92 percent of all discount store shoppers polled said they have a brand preference when shopping for health and beauty aid products, among the most brand-conscious shoppers in a store.

Consumer Brand Preference In Health & Beauty Aids

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Crest	14.6%	15.4%	18.3%	19.8%	12.5%
Colgate	13.6	14.2	20.9	8.5	11.3
Ivory	9.4	8.3	13.9	7.5	3.8
Mennen	6.1	6.7	5.2	5.7	3.8
Gillette	5.8	5.4	6.1	5.7	5.0
Listerine	5.5	5.8	6.1	4.7	7.5
Johnson & Johnson	4.9	4.2	4.3	4.7	1.3
Dial	4.9	5.4	7.0	4.7	5.0
Revlon	4.5	4.6	4.3	2.8	3.8
Head & Shoulders	4.5	5.4	6.1	5.7	3.8

Source: Discount Store News/Leo J. *Shapiro & Assoc.*

The only merchandise categories to record greater response to the brand preference question are consumers of household cleaners and chemicals as well as photo and camera.

Among the specific discount chains, Wal-Mart shoppers are the most particular about brands in H&BA with 93.5 percent voicing a brand preference. K mart shoppers are the least brand-conscious, with 90.9 percent having said they have a preference.

Shoppers Prefer Crest

And the brand all the H&BA shoppers said they prefer most is Crest, last year's No. 1 label.

Crest was named as a preferred brand by nearly one-fifth (14.6 percent) the shoppers polled, up from 11.5 percent a year ago.

Colgate, while still in the No. 2 spot behind Crest, significantly improved its position, coming within one percentage point of Crest, an improvement from the 1988 survey.

Ivory grabbed the third rank on the consumer brands list this year. However, its mention rate declined among shoppers at Target and Ames/Zayre.

Ivory gained ground at K mart and to a greater extent, at Wal-Mart, where shoppers named the popular soap label nearly one-fifth of the time.

Overall, six H&BA brands remained on the top 10 survey list. The four new name brands include Gillette, Listerine, Dial, and Head & Shoulders, in fifth, sixth, eighth, and 10th positions, respectively.

They replaced Lever Brothers/Dove, Clairol, Kleenex, Charmin and Suave, which fell to 11th, 24th, 20th, 22nd, and 17th, respectively.

The most dramatic change on the top brands list is the four place jump recorded by Mennen, to fourth.

Mennen, in eighth place a year ago, owes its rise to across-the-board increases at all four discount chains.

Top Health & Beauty Aids Brands: Store Managers vs. Shoppers

Managers	Consumers
Crest	Crest
Colgate	Colgate
Johnson & Johnson	Ivory
Listerine	Mennen
Procter & Gamble	Gillette
Suave	Listerine
Clairol	Johnson & Johnson
White Rain	Dial
Scope	Revlon
Ivory	Head & Shoulders

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. *Shapiro & Assoc.*

We can't keep you in the dark any longer.

Private Label Goods Rival Name Brands in Attracting Consumers

Nationwide DSN Report

Hardware consumers seem to be a fickle lot: they look for national brands more than ever before but increasingly prefer private label goods; more of them now will switch brands if the one they want is unavailable but still many will skip the purchase if they can't get a particular label.

Those are some of the results from *DSN's* 1989 Consumer Top Brands Survey.

Apparently, discount store shoppers looking for a hardware item are nearly as likely to seek out a private label brand as they are a national brand, according to this year's survey results.

In fact, when consumers were asked to name the merchandise categories in which they prefer private label merchandise to national brands, hardware topped the list, rising 16 percentage points from last year's consumer brands survey.

Top Hardware Brands: Store Managers vs. Shoppers

Managers	Consumers
Stanley	Black & Decker
Black & Decker	Stanley
General Electric	General Electric
Skil	Dutch Boy
Lucite	Glidden
Rubbermaid	Lucite
Royal	Duracell
Bull Dog	Skil
Glidden	Rubbermaid
Great Neck	DuPont

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

More than four out of 10 consumers said they prefer private label brands in hardware to national brands, indicating that discounters are succeeding with the imports they bring in as alternatives to the national labels. However, discounters have not been as successful at creating brand loyalty in hardware as they have been in other departments.

Despite these results, more consumers this year than in 1988 said they do have a brand preference in hardware. But, if that brand is not available to them, nearly half (45.7 percent) the consumers surveyed said they would skip the purchase, down 10 percentage points from a year ago.

However, consumers reported that when faced with buying the brand they prefer or foregoing the purchase entirely, if that brand is not available, more than half (54.3 percent) would simply switch to another brand.

Despite that, consumers report they are relatively confident they'll find the hardware brand they are looking for, although their confidence has waned a little from 1988.

Consumer Brand Preferences in Hardware

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Black & Decker	18.3%	16.9%	16.5%	19.6%	17.6%
Stanley	13.1	13.6	9.6	12.4	15.4
General Electric	6.6	6.6	5.2	9.3	7.7
Dutch Boy	4.2	4.1	2.6	4.1	2.2
Gildden	2.4	2.5	2.6	2.1	3.3
Lucite	1.0	1.2	1.7	2.1	—
Duracell	1.0	1.2	0.9	1.0	1.1
Skil	0.7	0.4	—	2.1	—
Rubbermaid	0.7	0.8	1.7	—	1.1
DuPont	0.3	0.4	0.9	—	1.1

Source: Discount Store News/*Leo J. Shapiro & Assoc.*

On a scale of 1 to 9—with one being the least confident and nine meaning total confidence—consumers awarded a 7.07 to the hardware department at discount stores, down from 7.19 a year ago.

This year, only five of last year's hardware brands reappeared on the 1989 consumer top 10 list.

Black & Decker and Stanley again topped the survey, although they switched positions from last year.

On the current survey, Black & Decker came out on top with Stanley in the No. 2 spot. In the store manager survey, Stanley garnered the most mentions with Black & Decker in the No. 2 position.

Although B&D was mentioned more often by consumers as the hardware label they look for most when making a hardware purchase, the elevation was due entirely to Target shoppers.

In addition, Target shoppers gave Stanley products its only increase in responses this year. K mart, Wal-Mart and Ames/Zayre shoppers all named Stanley less frequently this year than in 1988.

(Continued on page 61)

Our bright ideas are selling like crazy.

M&M Nibbles on Hershey's Edge in Popularity

Nationwide DSN Report

When consumers have a yen for a between-meal snack, most prefer to satisfy their sweet tooth with a Hershey's brand product, according to responses to *DSN's* 1989 Consumer Top Brands Survey.

However, Hershey's, which for the second year in a row collected the highest percentage of mentions by consumers as their preferred label in the food, candy and snacks category, lost some of its edge over the No. 2 brand, M&M.

More than one-fifth (17.7 percent) of all discount store shoppers looking for a snack food said they prefer Hershey's, down from 19 percent in 1988.

Hershey's weakened position is due to total mention declines by shoppers at all four of the nation's leading discount chains: K mart, Wal-Mart, Target and Ames/Zayre.

M&M, the No. 4 ranked brand last year, moved up to the No. 2 spot largely to mention increases at all four discounters but particularly because of Wal-Mart and Ames/Zayre customers.

This year's top brands list consists of just six of the same labels as in the 1988 survey.

In addition, store managers and consumers agreed on six of the top brands, two fewer than they agreed upon in 1988.

Consumers and store managers (see *DSN's* 1989 Store Managers Top Brands Survey, Oct. 16, 1989) also disagreed as to the positioning of the top 10 brands in the food, candy and snacks category, probably due to the huge number of products.

In fact, there are so many labels to chose from that nearly 30 percent of the consumers identified a specific food, candy or snack brand that received less than 0.3 percent of total mentions.

This year consumers listed 39 brands, 17 were confectionary products, 12 snacks, five food labels and three beverages—Coke (19th), Pepsi (29th) and 7-Up (36th).

No beverage labels made the top 10 consumer list. Coke was the only one to rank in the top 10 among store managers.

What consumers and store managers agree on is the importance of brand names in the food, candy and snacks category.

Compared with the 16 other merchandise categories, consumers of food, candy and snacks are the fifth most brand-conscious shoppers.

In fact, nearly nine out of 10 consumers (87.7 percent) said they do have a brand preference in this category, the most brand-conscious of whom are Ames/Zayre shoppers (88.4 percent).

On the whole, private label merchandise is barely a factor in this category. Even so, 12 percent of Ames/Zayre shoppers expressed a preference for store brand/private label products.

Wal-Mart shoppers are the least likely to prefer private label consumables (7.4 percent.)

Four food, candy and snack labels dropped off the top 10 consumer list this year: Jays (11th), Mars (12th), Milky Way (20th), and Standard Brands (13th). They were replaced by Lay's, Wrigley, Reese's, and Nabisco-brand foods.

Consumer Brand Preferences In Food, Candy & Snacks

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Hershey's	16.7%	18.1%	20.7%	14.9%	17.2%
M&M	15.2	14.1	12.6	14.9	19.2
Snickers	12.0	10.5	14.1	10.7	12.1
Planters	10.2	11.2	8.9	9.1	7.1
Brach's	7.3	7.6	8.1	8.3	8.1
Lays	7.0	6.5	9.6	6.6	8.1
Frito Lay	6.1	7.2	8.1	7.4	6.1
Wrigley	4.4	4.7	5.2	5.0	3.0
Reese's	4.4	4.3	4.4	5.0	4.0
Nabisco	3.5	3.2	3.7	4.1	4.0

Source: Discount Store News/Leo J. Shapiro & Assoc.

Top Food, Candy & Snack Brands: Store Managers vs. Shoppers

Managers	Consumers
Hershey's	Hershey's
Mars	M&M
Frito Lay	Snickers
Brach's	Planters
Planters	Brach's
M&M	Lay's
Sather	Frito Lay
Nabisco	Wrigley
Coke	Reese's
3 Musketeers	Nabisco

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. Shapiro & Assoc.

We outshine our competition where it counts most to retailers.

Consumers, Managers See Eye to Eye on Brands

Nationwide DSN Report

When it comes to automotives products, consumers and store managers are in sync with each other about top brands.

For the second consecutive year, consumers and store managers agreed on eight of the top 10 brands in automotives, according to results of *DSN's* 1989 Top Brands Surveys.

No other merchandise category had managers and shoppers agreeing on more labels and only one other, ladies' apparel, recorded both groups agreeing on eight brands.

Last year, managers and consumers also agreed on eight of the top 10 brands.

Different this year, however, is the positioning of those labels. Unlike last year when store managers and shoppers agreed on the top three automotives brands, the two groups concurred on only one position: Castrol/Castroil, in eighth place.

Top Automotives Brands: Store Managers vs. Shoppers

Managers	Consumers
Quaker State	Pennzoil
Pennzoil	Quaker State
Valvoline	Fram
Fram	AC-Delco
Havoline	Turtle Wax
STP	Valvoline
Prestone	Armor All
Castrol/Castroil	Castrol/Castroil
AC-Delco	Havoline
Turtle Wax	Champion

Top 10 rankings in each category are based on discount store managers' response to the question: 'What are your best performing name brands in (department)? and discount store consumers' response to the question: 'If you were shopping for (product) in a discount department store, which brand of that product would you want?

Source: Discount Store News/Leo J. Shapiro & Assoc.

Among consumers, Pennzoil is the No. 1 automotives brand, the same as a year ago. Pennzoil was the No. 2 brand on the managers' list of top performing automotives brands, down from first place in 1988 (see *DSN's* Store Managers Top Brands Survey, Oct. 16, 1989).

Quaker State, No. 2 last year, remained in that spot, but with far fewer mentions. In fact, Quaker State fell back to approximately six percentage points behind No. 1 Pennzoil, compared with just a four point gap last year.

Pennzoil, while in first place, dropped three percentage points from the 1988 survey, due to a dramatic decline at Ames/Zayre (14.3 percent down from 25.2 percent) and to a lesser extent at K mart and Wal-Mart.

Target shoppers named Pennzoil more often this year than last year, 30.6 percent, up from 28.6 percent.

Quaker State's decline was across-the-board, among all discount store shoppers and at K mart, Wal-Mart, Target and Ames/Zayre.

Perhaps consumers are identifying more strongly with golf legend Arnold Palmer, who is Pennzoil's spokesman.

Consumer Brand Preferences in Automotives

Top Brands	Discount Shoppers	K mart	Wal-Mart	Target	Ames/ Zayre
Pennzoil	22.9%	23.9%	22.3%	30.6%	14.3%
Quaker State	16.5	15.2	15.7	12.7	20.2
Fram	12.5	12.4	11.4	11.5	15.1
AC Delco	9.7	10.3	11.4	9.6	9.2
Turtle Wax	7.8	7.8	6.6	10.2	5.9
Valvoline	7.3	6.9	9.0	7.6	5.9
Armor All	6.9	6.6	7.2	7.6	9.2
Castrol/ Castroil	5.2	5.2	2.4	6.4	5.0
Havoline	4.5	4.3	8.4	2.5	2.5
Champion	4.3	4.6	3.0	4.5	6.7

Source: Discount Store News/Leo J. Shapiro & Assoc.

Overall, nine of last year's top 10 brands reappeared on the consumers' list this year.

Havoline, a favorite among store managers, landed in the No. 9 slot on the consumer list this year. It replaced STP, which dropped to 14th from ninth place a year ago.

More than eight out of 10 shoppers said they have a brand preference when shopping for automotives, up from 78 percent in 1988.

Wal-Mart shoppers are the most brand-conscious (87.4 percent) of the four discount chains. K mart consumers are the least brand-conscious (83.1 percent), according to survey results.

Ames/Zayre shoppers are the most interested in private label goods and Target shoppers the least interested.

In fact, more than one-fourth of Ames/Zayre shoppers expressed a preference for private label automotives. Just one-fifth of Target shoppers said they are interested in private label products.

ICI can brighten your profit picture 16 different ways...

Men Want National Labels

(Continued from page 31)

brands on the consumer list also made the store managers list of top performing brands, in a different order.

Gitano, Manhattan and Brittania were the three men's labels on the store managers list that did not make the consumers' survey and Arrow, Jockey and BVD, all underwear labels, appeared on the current consumers list.

At the nation's top four discount chains, the top three performers were Levi's, Fruit of the Loom and Hanes. The ranking of the brands varied by chain, however.

K mart shoppers said Levi's was the brand they look for, followed by Hanes, which edged out Fruit of the Loom for second.

Target shoppers gave the three brands the same ranking but Hanes was a much stronger No. 2 brand because Fruit of the Loom was a distant No. 3 label.

Fruit of the Loom was the No. 1 brand among Wal-Mart shoppers. Levi's was a close second and Hanes third.

Levi's and Hanes tied for the No. 1 spot among Ames/Zayre shoppers and Fruit of the Loom was a distant third.

Lee, the No. 4 brand in men's, made its best showing among Ames/Zayre customers, although a distant fourth.

New Lines Propel Children's Wear

(Continued from page 31)

K mart shoppers are the least brand-conscious, according to survey results. And Target customers are the least interested in private label/store brand merchandise.

While consumers are getting more sensitive to labels in children's apparel, their preferences only match up with store managers' perceptions of top sellers half of the time.

Only five children's wear brands—Lee, Health-Tex, OshKosh, Fruit of the Loom and Pampers—were named by both groups as top brands.

In addition to these, store managers said their other five top performing brands in children's apparel are Curity, Fisher-Price, Liberty, a Wal-Mart private label, Garanimals and Garan.

Shoppers said Hanes, Levi's, Nike, Reebok and Huggies, are also brands they look for when shopping at discount stores.

Private Label Goods Rival Name Brands in Attracting Consumers

(Continued from page 58)

Conversely, Wal-Mart shoppers helped both hardware labels record substantial mention losses this year even though survey results show that when it comes to hardware, Wal-Mart shoppers are the most brand-conscious of customers at all four chains.

But Wal-Mart shoppers are also the most likely to prefer store brands or private label goods, survey results revealed.

Target, the only upscale discounter singled out in the survey, had the least brand-conscious shoppers in hardware goods and the customers with the least affinity for store brand/private label goods.

Aside from Black & Decker and Stanley in the one-two positions on the consumer top 10 brands list in hardware, General Electric returned in the No. 3 position. Glidden, No. 4 last year, was fifth on the current survey, and No. 5 Duracell, fell to seventh.

Dropped from the consumer top 10 brand list this year were Master Lock, Homelite, Olympic Paints, Red Devil and Yale. They were replaced by Dutch Boy, Lucite, Skil, Rubbermaid and DuPont.

Red Devil, Master Lock and Homelite were Nos. 11, 12, and 13, respectively, on the current survey. Olympic Paint was not mentioned by consumers as a sought-after hardware brand this year.

Overall, consumers and managers agreed on seven of the top 10 hardware labels.

Both agreed that Stanley, Black & Decker, General Electric, Skil, Lucite, Rubbermaid and Glidden were top 10 labels. But consumers added Duracell, Dutch Boy and DuPont to their list and store managers said Royal, Bull Dog and Great Neck were top hardware brands.

Black & Decker was the most preferred brand among hardware shoppers. (DSN photo)

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Cornell Study Shows Record Profits for Chains

(Continued from page 1)

goods out the door and squeezing more sales dollars out of each store. While gross margin dipped slightly, discounters were able to garner higher earnings figures by significantly lowering expenses.

Twenty-two retailers with aggregate sales of $30.5 billion from 2,713 stores participated in the 1989 edition of the Cornell "Operating Results in Mass Retail Stores" study.

After a somewhat depressed 1988 year, which saw per-store sales and stock turns decrease from the prior period, discounters rebounded with improved numbers, reflecting a relatively healthy discount industry.

Gross margin as a percent of total sales continued on a moderate downward trend, to 26.6 percent in 1988 to 1989, from 26.85 percent a year ago. Gross income as a percent of total sales dipped to 26.8 percent, from 27.2 percent.

Yet, even with a slight gross margin decline, net profits were pushed up because of cost-cutting. Discounters' gains in belt-tightening is borne out by the decline of total expenses as a percent of total sales—more than a full percentage point drop to 21.3 percent, from 22.6 percent in 1987 to 1988. Cost-cutting ran the gamut from store operations, field supervision and merchandising to advertising and promotion, accounting, and warehousing. Certain transportation, administration and human resources costs rose.

Discounters were able to cut costs in payroll, recruiting expenses, property rentals, utilities, insurance, equipment rentals, repair and maintenance, pre-opening expenses, communications, travel, professional services, advertising and miscellaneous. More money—as a percentage of sales—was spent on employee benefits, pensions and profit sharing, depreciation and amortization, supplies and services purchased, and donations.

Also for the first time, average sales per square foot (selling area) for all discounters increased to over $200, jumping to $201 per square foot in 1988 to 1989, from $177 per square foot in 1987 to 1988.

Annual turns for all owned departments moved higher to 4.1 in 1988 to 1989, up from 3.7 in 1987 to 1988. That 4.1 figure topped the previous six-year high turn figure of 4.0 recorded in 1986 to 1987.

However, stock shortage at retail, as a percentage of owned sales, took a troubling rise to 1.74 percent from 1.53 percent. Net earnings as a percentage of total sales also rose—to 3.16 percent from 2.54 percent—as did net earnings as a percentage of net worth (23.06 percent from 18.05 percent) and net earnings after taxes as a percentage of total assets (8.97 percent from 7.1 percent).

Sales per store in the 1988 to 1989 sample were $11.2 million, up from $9.3 million in 1987 to 1988. Again, larger chains (over $1 billion in annual sales) showed stronger performance than did the smallest chains (under $300 million). For instance, larger chains averaged $13 million in per-store sales, compared with $5.9 million at smaller chains.

Soft goods as a percentage of total sales, which had a relatively steady rise over the last several years, dipped under 40 percent to 37.1 percent from 40.1 percent. Hard goods increased to 62.9 percent from 59.9 percent. Soft goods also suffered an increase in clearance markdowns (7.9 percent to 8.2 percent), while hard goods saw less markdowns (2.9 percent to 2.7 percent).

Target Hopes AmEx Will Boost Sales

(Continued from page 2)

card and Discover credit cards, Russell said, but she declined to disclose what percentage of its sales are made on credit.

Moreover, the Management Horizons study failed to indicate what proportion of discount chain sales are made on charge and credit cards.

In addition, the discounter will accept AmEx's Optima card, which is a credit card that AmEx charge card customers can obtain after they have had a full year of good payment history.

Charges on the AmEx charge card must be paid off monthly, whereas the Optima credit card permits customers to pay their bills in installments, with interest charged on the unpaid balances.

Other discounters that accept AmEx cards are: Bradlees, Caldor, Jamesway, Montgomery Ward, Marshall's, T.J. Maxx, Alexander's, Clothestime, Ross Stores, Burlington Coat, Filene's Basement, Toys "R" Us, Herman's, Lechmere, Western Auto and Consumers Distributing.

Charges for retail merchandise purchases now account for 30 percent of AmEx's business, Russell said. Within the retail segment, discount store volume is growing at the rate of 20 percent a year. The addition of Target "will make the needle swing," she said.

Target will promote its new link with AmEx in its Christmas promotion based upon the Velveteen Rabbit storybook figure that will be its Christmas plush, (See *DSN*, Oct. 16, 1989, page 1), as well as its television and circular advertisements, Russell said.

AmEx Promotes Target

Conversely, AmEx will promote Target in the monthly "newsletter" that it tucks into bills and is considering a mass mailing that would let cardholders living in Target operating territories know where they can find the nearest Target store, Russell said.

An AmEx release quoted Target marketing vice president, John Pellegrene, as saying, "American Express shares our vision of total commitment to our customers." Target is looking forward to working with AmEx on a number of innovative marketing programs, Pellegrene said.

Accepting the AmEx card is "another convenience for Target customers," said Teresa Peterson, a promotion executive under Pellegrene. Peterson declined to comment on what kinds of sales gains Target expects to see.

In its sales pitch to Target, AmEx also cited a customer survey of its cardholders that found that Target was one of the stores they most frequently cited as stores where they would like to use their cards, Russell said.

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C. Total paid and/or requested circulation (sum of 10B1 and 10B2)	**31,308**	**32,996**
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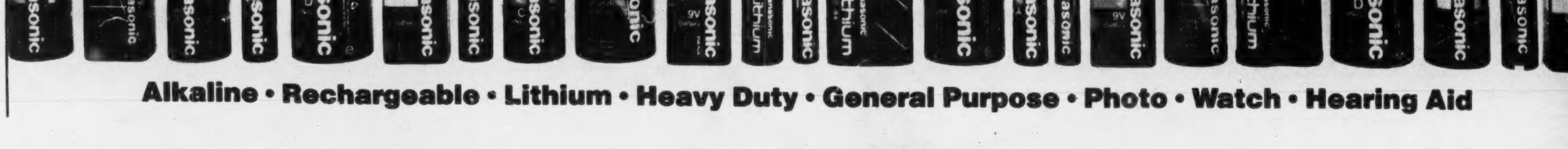

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